INDIGENISATION POLICY: THE CASE OF NIGERIA

1960-1980

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ABSTRACT

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This dissertation studies indigenisation policy in Nigeria. It is a case study which is mainly concerned with the following questions: (1) What proportion of the ownership and control of firms in the various schedules have actually been transferred to Nigerians? (2) What has been the pattern of share acquisition in those firms in the various schedules in which foreign owned shares have been purchased by Nigerians?

The method adopted for the study involves analysis of the instruments and measures used for the implementation of the policy which ostensibly aimed at replacing foreign entrepreneurs in all sectors of the Nigerian economy by Nigerians. A discussion of the political history and an outline of the history of Nigeria's economic nationalism provide the background to the analysis.

The rest of the dissertation discusses: (1) the roles technocrats played in the indigenisation policy process, (2) the pattern of ownership of foreign businesses that were handed over to Nigerians, and the pattern of the distribution of share acquisition. Using a sample from the city of Lagos, the paper examines the social and political character of recipients of enterprises. The last part of the paper discusses the political, economic and social consequences and significance of the Nigerian Indigenisation policy.

In conclusion, the thesis suggests that: (1) the bulk of shares were concentrated in the hands of the elite groups rather than the masses, (2) while dejure control and ownership of several foreign businesses were transferred to Nigerian nationals, in reality, foreigners still dominate the country's economic activities, especially in the highly sophisticated and lucrative areas.

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CHAPTER I

INDIGENISATION POLICY

Introduction

Nigeria's move to bar foreign participation in certain categories of economic activities is only one of a series of moves by African countries to try to increase the indigenisation of business and industry. Countries like Kenya, Tanzania, Ghana, to name but a few, have embarked on indigenisation of their economies in the recent past.[1]

In Kenya, indigenisation was mainly geared toward the agricultural sector. The reason for this was that before independence, about 80 per cent of the best land in the country was reserved for Europeans. In Tanzania, a different indigenisation was carried out through a parastatal system, in which the government owns and runs the commercial enterprises on a majority participation basis. The account of the enterprises are not however directly integrated into

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[1] Claude Ake, Revolutionary Pressures in Africa (London: Zed Press, 1978), p. 39.

government budgets.[2] Ghana caused an upheaval, when in 1970, it promulgated an indigenisation policy which combined an alien compliance order with its Business Promotion Act. Under this legislation, foreigners, including fellow Africans were banned from owning any enterprise concerned with wholesale or retail trade with an annual turnover of C500,000 or less, as well as certain other trades and services.[3]

Indigenisation has ostensibly been a priority goal of most post-independent African countries. It has been viewed as a means to "salvage" the economy of the continent from further foreign exploitation. Teriba points out that:

> In the industrialising, less developed countries. . . , the major problem posed by the existing industrial structure is that of ownership and control of business enterprise. . . . Having only recently acquired political independence and the political power which comes in its trail, many of these countries are now turning their attention to the quest for economic independence. They not only desire rapid economic advancement, they also want increasingly to control their own economic destiny, to acquire a growing stake in the economy, to control and manage themselves the means of production and distribution.[4]

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[2]Ibid., p. 50.

[3]West Africa, 9 July 1971, p. 152.

[4]O. Teriba, et al., "Some Aspects of Ownership and Control Structure of Business Enterprise in a Developing Economy," Nigerian Journal of Economic and Social Studies, (September 1972), p. 4.

In Nigeria, the need to take effective measures to ensure that the economy is controlled and managed by Nigerians themselves has been recognized by successive governments since independence. Official sanction was first given to this (indigenisation measures) in 1972 when it was specifically stated that policies would be adopted so as "to enable Nigerians to participate to an ever increasing extent in the ownership, direction and management of Nigerian industry and trade."[5] This position was also reflected in the official statement by the Federal Government in its 1970-1974 Second Development Plan that "experience has shown through history that political independence without economic independence is but an empty shell," and that "to this end, the government will seek to acquire, by law if necessary, equity participation in a number of strategic industries that will be specified from time to time."[6]

As a result of the need to place the operation and control of the economy in the hands of the government agencies and citizens, two indigenisation decrees were

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[5]Federal Military Government of Nigeria: Nigerian Enterprises Promotion Decree 1972, Ministry of Information Printing Division, Lagos, 1972.

[6]Federal Republic of Nigeria, Second Development Plan, 1970-1974.

promulgated. They were the Nigerian Enterprises Promotion Decree 1972 and the Enterprises Promotion Decree 1977. In essence, the decrees state that Nigerians must be given the opportunity for meaningful participation in the running of their nation's economy. Nigerian shareholders should not merely control the equity share capital involved, but should also effectively control the running of the enterprises concerned. In order to achieve this, the decree also put great emphasis on majority representation, hence the stress on the sixty and forty percent figures. It may be true that majority representation on the board of a business concern could give local interests dejure control, but could such control be effectively exercised, given the fact that Nigeria lacks enough trained manpower and, know-how, vital to the acquisition of economic independence.

There is therefore the question as to whether indigenisation contributes to the liberation of the Nigerian economy or, instead, strengthens the position of the indigenous bourgeoisie who are agents of capitalism, and correlatively make the economy vulnerable to a different form of foreign exploitation? Another important question is whether indigenisation produced widespread employment and occupational opportunities for Nigerians?

It is the thesis of this study that the Nigerian Indigenisation policy ostensibly meant to enable indigenous Nigerians to participate more fully and be more involved in the management and control of all aspects of the country's economic activities was manipulated by the elite class to serve their economic and social interests only. Indigenisation objectives would not be considered accomplished until all the shares concentrated in a few hands have been turned over to the general public for open subscriptions.

Scope of the Study

This is a case study of indigenisation policy in Nigeria. Its aim is (1) to analyze Nigeria's indigenisation program; (2) to analyze the political and economic role technocrats play in the indigenisation policy process; and (3) to examine the effects of indigenisation on Nigeria's economy.

The work is exploratory, designed to generate hypotheses. It seeks to develop clarification on policies, processes, data and political direction to provide the bases for future research that will inform policy-makers in Nigeria and elsewhere. The central theme is indigenisation policy which is discussed and analyzed along the following lines: (1) motivation and rationale for the indigenisation policy; (2) the people involved in the policy making; and (3) its economic and social impact generally, namely, employment and occupational distribution, domestic production and pattern of consumption.

More specifically, the study is concerned with the following questions: (1) What proportion of the ownership of firms in the various schedules have actually been transferred to Nigerians?, and (2) What has been the pattern of share acquisition in those firms in the various schedules in which foreign owned shares have been purchased by Nigerians?

Methodology

The study involves a multifrontal strategy combining historical and documentary analysis; formal as well as informal interviews and discussion with numerous people in Lagos and Port-Harcourt.

Two approaches were used to gather data for the study. One involved searching documentary sources such as those found in the libraries of the Ministries of Economic Development, Commerce, Trade, and Industries. Documents were also sought in the archives of Nigerian newspapers. Other sources included books, magazines, journals, newsletters, published and unpublished papers, and speeches on indigenisation in Nigeria.

A second approach involved interviews with public officials of both the civilian and military administrations, especially those of the Ministries of Trade, Industries, and Finance, and the economic teams that were directly concerned with the indigenisation policy. Private individuals were also interviewed. The interviews were supplemented with informal discussions with some past and present officials of the various administrations. The purpose of the interviews and discussions was to discover the technocrats' views of their roles in the making of the indigenisation policy, their relationship with other officials and the impact of their decisions on the indigenisation program. The interviews were also used to determine individual assessments of the indigenisation policy.

The interview method included a set questionnaire which respondents were asked to complete and/or face-to-face question and answer sessions. A copy of the questionnaires is appendixed to this study.

In order to make a close analysis of the type of businesses which were affected by the indigenisation policy, a list of businesses which had been acquired in the Lagos area was obtained. This was particularly useful because Lagos has the largest number and the most lucrative businesses affected by the indigenisation measures.

After obtaining the list of businesses, it became obvious that the initial aim of conducting interviews with the beneficiaries of the indigenisation measures was not feasible, since the process of acquisition of businesses had in many cases been followed with suspicion, under-the-counter manoeuvers and public recrimination. The majority of officials were therefore reluctant to talk about the matter.

As a result, a decision was made to seek informants who could provide information about the identities of the people in the Lagos sample as well as the general circumstances of the application of the indigenisation measures. The following individuals agreed to provide information: (1) two employees of the Enterprises Promotion Board, (2) a senior official of a State Committee, (3) an employee of the Capital Issues Commission, (4) an employee of the Lagos Chamber of Commerce, (5) an official of the Ministry of Industry, (6) an official of the Ministry of Economic Development, (7) a well-placed Lagos businessman, who is himself a beneficiary, (8) an official of a trade union, and (9) an employee of a Lagos daily newspaper.

Valuable information was also gathered from informal discussions with different types of people in Lagos, particularly at the Lagos University campus.

Concepts

In recent times, most independent African countries have adopted various public policies aimed at creating indigenous capitalist development or at least to ensure that foreign enterprises dominating economic activities are moulded to reflect the national interest. These policies have been christened different names at different times in different countries. The most popular term in use is "indigenisation." Other concepts include "Africanisation," "Nationalisation," etc. Before we proceed further, a brief definition of these concepts would be in order.

Indigenisation

This is the process by which government limits participation in the economic activities to citizens of the country, thus making aliens sell their businesses to indigenes, individually or collectively, or in some cases, to the government itself. Indigenisation differs from nationalisation because the government does not itself take the property; or at least, that is not the objective of indigenisation. However, it shares the nationalisation objective of recovering control of the economy and promoting local enterprise. In other words, indigenisation and nationalisation overlap in some cases. For example, foreign businesses may be put up for sale to local citizens, but because of shortage or lack of ready buyers, the whole exercise may end up with the government acquiring the businesses because it is the only one with the ready resources to do so.

Nationalisation

Nationalisation refers to a broad-scale government seizure of foreign- or domestic-owned private property and transferring of ownership to the state. Nationalisation may be massive/selective or massive/comprehensive. (a) Massive/ selective nationalisation has to do with a situation where the government takes over a large percentage (from more than 50 percent to 100 percent) of ownership, but a select number of properties is involved. For example, the 60 percent take-over of petroleum production in Nigeria,[7] and Zaire's 100 percent ownership transfer was only in copper.[8] (b) Massive/comprehensive nationalisation involves high percentage of ownership and a very large number of property

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[7] Alan Hutchison, "Last Minute Rush to Nigerianise," African Development (March 1974): 41-45.

[8] Ibid.

acquisition. Such countries like Uganda,[9] Tanzania,[10] and Zambia,[11] are examples of nations, which have at one time or another embarked upon massive/comprehensive nationalisation.

Africanisation

This is another concept that has been used variously to describe the process of replacing non-African employees by Africans. It is usually done through the government limiting the employment of foreigners in all categories of jobs in the country. It basically involves the transfer of jobs from foreigners to indigenes, rather than ownership of businesses. However, when used broadly, it covers indigenisation and nationalisation. This study is concerned with indigenisation and so the frame work of analysis discussed in the rest of this chapter contains definitions and explanation of the concept "Indigenisation."

Review of Literature

The analysis of the literature is divided into two

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[9] Frank Wooldridge and Vishnu D. Sharma, "International Law and the Expulsion of Asians," International Lawyer IX (1 January 1975): 30-31.

[10] Peter Neerso, "Tanzania's Policies on Private Foreign Investment," The African Review IV (1974): 61.

[11] Andrew A. Beveridge, "Economic Independence, Indigenisation and the African Businessman: Some Effects of Sambia's Economic Reforms," African Studies Review XVII (3 December 1974): 477.

parts. Part one discusses general literature on policy-making and implementation, while part two discusses indigenisation in particular. This part of the analysis also contains definitions and explanations of the concepts to be used throughout the study.

Policy-making and decision-making are sometimes used interchangeably by writers.[12] However, some have made efforts to distinguish between the two.[13] Anderson has defined policy as "a purposive course of action followed by an actor or set of actors in dealing with a problem or matter of concern."[14] The concept of policy, points out Anderson, focuses attention on what is actually done as against what is proposed or intended. The decision on the other hand is a choice among competing alternatives.[15] Policy making involves not only the decision to enact law on some topic but also subsequent decisions relating to its implementation and enforcement.

Within the literature on policy making, there is a

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[12]Richard Snyder et al, eds., Foreign Policy Making: An Approach to the Study of International Politics (New York: Free Press, 1963), p. 90.

[13]James E. Anderson, Public Policy-Making (New York: Praeger Publishers, 1977), pp. 2-6.

[14]Ibid.

[15]Ibid.

group of works that focus on the participants in the policy process,[16] which forms the discussion on chapter three of this paper. According to this literature, policy-making process consists of many elements including individuals who play central roles. Some of the studies deals with how personality, socialization process, and education affect policy makers' styles of decisions and stand in the process. Thus, Nakamura and Smallwood[17] point out that even after a policy has been formally adopted, its implementation "can be extremely lively, dynamic and complex." In the implementation environment, there is a high degree of diversity, fluidity and complexity in relation to the actors, arenas, linkages, bureaucratic imperative and the compliance mechanisms.[18] Cochran observed that because of the

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[16]Harold Lasswell, and Daniel Lerner, eds., The Policy Sciences (Stanford, Calif.: Stanford University Press, 1951; M. Brewster Smith, "Opinion, Personality, and Political Behavior," American Political Science Review 52 (March 1958), 1-17; Herbert Simon, "Theories of Decision Making in Economic and Behavioral Science," American Economic Review 3 (June 1959), 288-283; David Braybrooke, and Charles Lindblom, A Strategy of Decision: Policy Evaluation as a Social Process (New York: Free Press, 1963), p. 249.

[17]Robert T. Nakamura, and Frank Smallwood, The Politics of Policy Implementation (New York: St. Martins Press, 1980), pp. 46-65.

[18]Ibid.

complexity, diversity and fluidity present in the implementation process, even simple programs can be difficult to implement, especially if there are numerous participants with differing perspectives.[19]

The above review implies that the concept of policy-making can be seen in the context of a series of related activities rather than a single discrete decision. In addition, there is a sense of continuous activity and adjustment involved in policy making, and this is conveyed by describing it as a process rather than a single act. Policy making is seen as a complex analytical and political process in which a combination of forces produce effects.[20]

The use of the concept indigenisation and its application to the analysis of contemporary African political economy have become increasingly common. However, academic differences exist over the meaning of economic nationalism in developing countries as characterized by indigenisation policies.

Some writers have used the terms, nationalisation

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[19] Clarke E. Cochran et al., American Public Policy: An Introduction (New York: St. Martins Press, 1982), pp. 4-6.

[20] Anthony Downs, Inside Bureaucracy (Boston, Mass.: Little, Brown and Company, 1967)

and indigenisation interchangeably but others distinguish between the two.[21] In the article "Foreign Investment in Africa," Leslie Rood defines indigenisation as the reservation by the government of the ownership of a category of enterprises to the indigene exclusively. The government compels foreign owners of businesses to cease operation, or to sell a share or shares of their enterprises to local people, thus transferring ownership, control and jobs from foreigners to indigenes.[22]

Rood believes that African governments have now assumed control of most economic activities in their respective countries. He is however of the opinion that due to inexperience, Africans have not been able and cannot manage complicated business operations and as such, "efficiency has declined." For Rood, indigenisation exercises in Africa have been chiefly for status and political reasons.

A different view point is raised by Ghai in his piece, "Concepts and Strategies for Economic Independence."[23] He

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[21]Leslie L. Rood, "Foreign Investment in Africa," <u>Journal of Modern African Studies</u> XIII (March 1975): 19-34.

[22]Ibid.

[23]Dharam P. Ghai, "Concepts and Strategies of Economic Independence," <u>The Journal of Modern African Studies</u> 11 (January 1973): 24-42.

argues that indigenisation in Africa is much more than the quest for status and political interest. He defines indigenisation as a "localization of capitalism" which generally proceeds by replacing foreign capitalists with local ones. He contends that the failure of any indigenisation program in Africa can better be explained from capitalist orientation and connections.

Thus, while the indigenous bourgeoisie participate in managerial and entrepreneurial activities, actual ownership and control of the commanding heights of the national economy continue to be in the hands of foreigners. Because, in most cases, the major and highly sophisticated and lucrative businesses are not involved in the "transfer" to local hands. Key decisions regarding investment and distribution of profits and allocation of resources continue to be made and taken by non-indigenes.[24]

Douglas Rimmer,[25] discussing Nigeria's indigenisation maintains that the major problem facing indigenisation policy in most African countries is corruption in high places.

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[24] Ibid.

[25] Douglas Rimmer, "Elements of the Political Economy," in Panter-Brick, ed., Soldiers and Oil: The Political Transformation of Nigeria (London: Frank Cass and Co., Ltd., 1978), pp. 141-160.

Noting that this makes it necessary for foreigners in business to look for influential local partners for purposes of making illegal and unofficial connections. But Arnol Rivkin in Nation-Building in Africa,[26] takes a different position. He points out that "The endemic political instability, widespread economic stagnation, and epidemic of military coups d'etat" better explain why African countries have problems of implementation in their economic programs. Rivkin sees a relationship between instability and poor performance in the implementation process in Africa's economic policies.

In his Revolutionary Pressure in Africa, Claude Ake[27] sees indigenisation as the African bourgeoisie ploy "calculated to legitimize their rule and to consolidate their class domination."[28] He argues that as long as indigenisation reflects the consolidation of the bourgeois class and promotes the maintenance of the status quo in the relations of production, it will be vigorously pursued. Indigenisation, he laments is a sham since existing capitalist relations are maintained. For Ake, indigenisation was not meant to succeed.

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[26] Arnold Rivkin, Nation-Building in Africa (New Brunswick, N.J.: Rutgers University Press, 1969)

[27] Claude Ake, Revolutionary Pressure in Africa (London: Zed Press, 1978), pp. 23-54.

[28] Ibid.

> If the examples of Nigeria and Tanzania are any guide to the strategies and policies which African countries are employing to deal with the problem of dependence, they are not effective. They are directed at the symptoms rather than the underlying causes of dependence. But these ineffective policies are not due to ignorance of the nature of the problem on the part of those who make policy. While these policies are not what they ought to be, they are nonetheless all that they can be, given the interests at play and the prevailing domestic and international social forces. To be more specific, the monopolistic distribution of power in the global economy makes it extremely difficult for Africa to break out of economic dependence; class contradictions make it difficult for African leaders to get their priorities right and to engender the unity of purpose and the effort which is needed to tackle the problems of dependence.[29]

Teriba, Edozien and Kayode in "Some Aspects of Ownership and Control Structure of Business Enterprise in a Developing Economy: the Nigerian Case,"[30] question the utility of the concepts, ownership and control. They argue that the structure of ownership as measured by the number of shareholders, may not truly reflect the structure of control. The Nigerian case is one in point. The share-holding of expatriates either as a group, individuals or institutions reveals that expatriates and Nigerians are clearly not equal partners in business enterprising. It is therefore, in their

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[29]Claude Ake, The Political Economy of Africa, Longman Nigeria, Limited, 1981.

[30]Teriba, Edozien and Kayode, The Nigerian Journal of Economic and Social Studies (September 1972): 4-19.

view that given the nature of share-holding attributable to Nigerians, a policy of indigenisation of ownership, except carefully planned and executed may not necessarily lead to control at the same time. To this end, Omorotionmwan[31] in "Over Indigenisation and Its Problems" contends that indigenisation with its massive transfer of businesses from foreign to indigenes, generally works to the disadvantage of the country adopting it. He argues that all it does is help drive away foreign manufacturers already doing business in the country at a time when indigenes have not acquired enough technical and managerial knowhow to take over and effectively manage and control businesses left behind by departing aliens.

Ono Osakwe has defined indigenisation as "the take over of foreign businesses and firms by Nigerians."[32] He states that the indigenisation exercise in Nigeria with all its irregularities amounts to nothing less than social injustice. For Alan Hutchison,[33] indigenisation and investment

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[31] Josef Omorotionmwan, Daily Times, 16 January 1982, p. 2.

[32] Ono Osakwe, "Indigenisation: Probing the Irregularities," African Development, December 1976, p. 439.

[33] Alan Hutchison, "Tensions between Indigenisation and Foreign Investments," African Development, December 1976, p. 1283.

are interwined like two threads. Therefore, as long as foreign investment continues to be regarded and accepted as the only means to industrial growth, indigenisation would continue to make little or no sense.

Indigenisation, according to Jan Jorgensen,[34] has to do with "creating economy responsive to the human needs of the society and controlled by members of that society." He identifies three levels of the economy (structural, ownership and employment) that indigenisation involves. The structure of the economy, he maintains, reflects the relationship between the various sectors of the economy, and the relationship of the economy to the international division of labor. Therefore, to indigenise the economy, there must be, among other things, the integration of the various sectors of the economy in order to make it more self-reliant and less structurally dependent on imports of foreign technology, foreign machinery, foreign raw materials, foreign intermediate goods, and foreign patterns of consumption.[35]

Suggesting Jorgensen's line of argument, Andrew Beveridge, in his work, "Economic Independence, Indigenisation

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[34]Jan J. Jorgenson, "Multinational Corporation and the Indigenisation of the Kenyan Economy," The African Review, Vol. 5, No. 4 (1975): 444-448.

[35]Ibid.

and the African Businessman,"[36] blames the shortcomings of indigenisation in Zambia in particular and Africa in general on the lack of coordination in policy implementation. He found in the case of Zambia that many "proclaimed or hoped-for consequences" did not take place. Instead, the growth of private African enterprises was stifled to some degree by the policy, while foreign businesses continue to grow despite the so called policy. Beveridge is of the opinion that any measure to indigenise control of an African economy may present dilemmas. For instance, he said that:

> If the state seizes control of large corporations, it must provide for technicians and others to manage them. Such managers may by virtue of a monopoly of expertise maintain effective control. . . . If stopping alien businesses slows economic expansion, many may lose in order that a few indigenous businessmen will gain. If more equitable distribution of business ownership is the goal, then new and likely inefficient businessmen may give the people worse service. . . .[37]

Expressing the same viewpoint, Ghai emphasizes the need to restructure Third World economies; to analyze the way Third World national states operate; and to re-examine the critical role of class in determining "for whom, from what, and for what" particular policies in dealing with foreign

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[36]Andrew A. Beveridge, "Economic Independence, Indigenisation and the African Businessman," African Studies Review XVII (December 1974): 477-487.

[37]Ibid.

domination of Third World economies are really designed.[38]

Ali Mazrui, "Exit Visa from the World System,"[39] distinguishes between indigenisation and what he calls domestication. Indigenisation in his definition is the "greater utilization of indigenous human power, natural and mineral resources, technologies and techniques, and the principles of ownership and control." Domestication on the other hand involves "an effort to make what is foreign more relevant to local conditions and local needs." He argues that while efforts are being made to indigenise, little or nothing is being attempted in the direction of domestication. An obvious example, he points out is the lack of development of curricula in the "imported colleges and universities" to reflect traditional indigenous ways of living and training. In other words, as long as the education system is foreign in shape and content, it will continue to produce leaders and policy-makers whose minds and heads are full of foreign ideas and tastes. Any attempt at indigenisation and/or domestication can therefore only succeed,

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[38] D. P. Ghai, ed., Economic Independence in Africa (Nairobi: East Africa Literature Bureau, 1973)

[39] Ali A. Mazrui, "Exit Visa From the World System: Dilemmas of Cultural and Economic Disengagement," Third World Quarterly, Vol. 3, No. 1 (January 1981): 71-72.

Mazrui argues, when there is a change in the educational system and other socialization agents to reflect local conditions and needs.

Judd's piece, "Changing Face of Foreign Business in Africa: Participation and Integration,"[40] provides a broader discussion on indigenisation. He examines indigenisation at four levels. These are:

1. Indigenisation of the management of company, that is, participation by indigenes in the policy-making and operational management. This, he points out, can be achieved through intensive and varied training schemes, and then gradually replacing expatriates with indigenous hands.
2. Indigenisation of the trading activities of a company beyond the wholesale warehouse or factory premises. This is concerned with participation by local businessmen in the domestic trade of the country.
3. Indigenisation of profits, which refers to the levelling of taxes on companies to siphon off a considerable share of its profits to be applied as

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[40] E. C. Judd, "Changing Face of Foreign Business in Africa: Participation and Integration," African Affairs (June 1976).

national revenue. This deals with company taxation. Taxes in every country are designed, in most part, to provide revenue for the administration of the country and to finance its program and projects for the greater development of its total potential in human and material terms.

4. The acquisition of shares in the company by governments, government agencies, state corporations and individuals. This is what he calls "participation in equity." Judd's points are based on the theory that indigenisation in its different components is not achieved strictly as a result of governmental actions. He points out that it is the third and fourth components that strictly call for governmental actions. For instance, he argues that the question of corporate taxation (especially in African and other Third World countries) is very important because of the low contribution personal taxation make toward national revenue. Therefore it is from corporate taxes that the bulk of government revenue is obtained.

After reviewing the different theories and views on indigenisation, this dissertation adopts Judd's suggestive model as a frame of reference. His discussion on indigenisation provides the basis from which we will analyze indigenisation programs, in all ramifications.

Given our framework, one of the aims of the dissertation is to contribute to the growing body of literature on the study of indigenisation programs in Africa. The objective is to begin to develop a typology of indigenisation programs by describing the issues relevant to the making of indigenisation policies, analyzing the evolution of the political and economic systems and specifically, instruments and legal measures with which indigenisation policies are made, and with which specific action implementing these policy decisions are taken. Where conflicts or consensus over rights and interests exist, what needs to be examined is the extent to which the distribution of economic wealth as a result of indigenisation affects the people generally.

In the rest of this dissertation, indigenisation will be defined as a policy designed to promote local ownership of enterprises. Government interest in indigenisation is in promoting widespread ownership among nationals. For example, in Nigeria, the Nigerian Enterprises Promotion Decree of 1972 and 1977 represent a legal instrument of indigenisation.

Organization of the Paper

The paper is organized into the following chapters:

Chapter one contains an introduction and a discussion of the topic of indigenisation policy-making, including a review of the relevant literature.

Chapter two discusses the political and economic history of Nigeria; the making of indigenisation policy, explaining it in the context of Nigeria.

Chapter three discusses the indigenisation policy with emphasis on an examination and analysis of the contents of the documents promulgating the policy, i.e., the 1972 and 1977 Enterprises Promotion Decrees.

Chapter four discusses the policy process as it involved technocrats. It also contains discussions on interviews.

Chapter five begins to address the instruments and problems of implementation of the indigenisation policy from the following stand points: (1) contradiction--though the decrees were meant to have Nigerians firmly in control of the country's economy, there are loopholes which still favor foreign investors; (2) the role of government administration; (3) indigenous skills and access to capital; (4) the politics of the indigenisation measures, and (5) political instability.

Chapter six addresses the question of implementation measures of the indigenisation policy with reference to the various sectors of the economy: agriculture, manufacturing, petroleum, trade, etc. It then discusses problems of the implementation measures with reference to politics, private versus public acquisition of businesses, types of businesses, and categories of recipients.

Chapter seven summarizes the paper and presents conclusions based on the overall results of the study.

CHAPTER II

INDIGENISATION POLICY IN NIGERIA

Since 1972 the Nigerian government has been pursuing a policy of promoting local ownership of business, otherwise known as indigenisation policy. The policy was furthered by two successive legal instruments: the Enterprises Promotion Decrees of 1972 and 1977. The 1977 decree was an amendment of the 1972 decree though the aim and objectives of both decrees remained the same.

The decision to promulgate indigenisation policy in Nigeria was essentially the historic culmination of previous attempts by the Nigerian ruling classes as far back as the colonial period. Since this chapter is concerned in the main, with the making of indigenisation policy in Nigeria, a brief look at the political and economic history of the country would be appropriate.

Historical Background

The brief look into the history of Nigeria's economic development and the role of the Nigerian government and people in the process will be used to analyze the present economic setting in the light of the process of decolonization. Such analysis will help to form a framework for a more detailed description of the economic and post-independence political development that led to the indigenisation policy.

Nigeria is a creature of Britain and as such, its history reflects British imperialistic concern. The structures of its political and economic and to a large extent, social setting are related to colonial machination, colonial exploitation and post-independence political manoeuvering.

Long before the Europeans landed on the coast of what is today known as the Federation of Nigeria, there had been a number of important kingdoms. These among others were the Bornu Empire, Hausa City State, Yoruba Kingdom of Oyo and Benin Empire.[1] By the beginning of the 19th century, European explorers had moved from the coast into the interior. Closely followed by traders and missionaries; and subsequently, the British established a consulate at Calabar.

The political entity known as Nigeria came into formal existence in 1914 with the amalgamation of the Northern and

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[1]Michael Crowder, A Short History of Nigeria (New York: Praeger, 1966), pp. 150-209.

Southern British Protectorates. With the amalgamation, the colony and Protectorate of Nigeria came under a unitary administration presided over by a Governor-General. The country's constitution of 1946[2] made provision for three administrative regions: Northern, Eastern and Western. Each of the regions had its own House of Assembly. The constitutional amendments of 1951 and 1954 not only further strengthened regional autonomy but also helped to clarify the powers of the regional governments with respect to the central government in Lagos.

Nigeria became independent in 1960, and the first government of an independent Nigeria headed by Sir Abubakar Tafawa Balewa took office. Nigeria's history as an independent country since 1960 has been an uneasy one. Besides a bloody civil war that lasted from 1967 to 1970, the country has experienced four military coups and more than a decade of military dictatorship. Of its four heads of state, from 1960 to 1975, three were killed in office and one deposed and exiled.

Nigeria's population of about 80 million people

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[2] Ibid.

belong to about 200 ethnic groups;[3] of these, three predominate. These are the Hausa-Fulani, making up about 27 percent of the population; the Yoruba in the Southwest, about 20 percent of the population, and the Ibo in the Southeast, about 17 percent.[4] These groups have dominated the political history of Nigeria and have contributed to instability in the country. Political instability however, could be traced to the colonial experience. The British left Nigeria divided along tribal lines. The federal structure comprising three regions corresponded roughly to the boundaries of the three major tribes--Hausa, Ibo and Yoruba. Each of the three regions became the base for major political parties that largely reflected their own regional and tribal interests. This trichotomy has shaped Nigerian politics to date.

The threatening collapse of the federation began to take effect on the 15th of January 1966 when the army staged a coup during which the Prime Minister, Sir Abubakar and some other leaders were killed. Major-General Aguiyi Ironsi, an Ibo army officer from the Eastern Region took over the

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[3]Karl W. Deutsch et al., Comparative Government: Politics of Industrialized and Developing Nations (Boston: Houghton Mifflin Company, 1981), p. 395.

[4]Paul Baran, The Political Economy of Growth (New York: Monthly Review Press, 1957), pp. 165-167.

government, suspended the constitution and banned all political parties and tribal organizations. These measures of the Ironsi government, especially the introduction of a unitary state, were bitterly opposed by the regions, that with the exception of the East, feared dominance by the Ibos.

A growing unrest and disturbances in the country led to another coup which brought General Yakubu Gowon to power on July 29, 1966. He immediately restored the federal system. In a desperate bid to (1) prevent the break-up of the federation as a result of the bloody clashes that claimed several lives, and (2) garner strong support from the minority groups, General Gowon announced a drastic increase in the number of states in the federation from four (a Midwest region was created out of the West during the Balewa administration) to twelve.[5]

The Eastern Region which was to be partitioned into three states, ignored the central government in Lagos, and on the 30th of May 1967, its military governor, Col. Odumegwu Ojukwu declared an independent state of Biafra. This rebellion caused a civil war that lasted from 1967 to 1970. When hostilities ended, General Gowon granted a general amnesty and embarked on a bold and ambitious

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[5] Bulletin of the African Institute IV (1976): 154.

reconstruction program, which in turn quickly restored oil production and boosted the economy.

General Gowon who promised to hold free elections for a return to civilian government in 1976, changed his mind and announced that civil government was to be postponed until 1979. With this postponement and growing charges that he led a corrupt government that lacked the drive to tackle the many social and economic problems in the country, Gowon was overthrown in a bloodless coup on the 29th of July 1975. His successor General Murtala Muhammed had started to face up to those problems, including the twin evils of corruption and mismanagement which had characterized the previous administration, when an assassin's bullet cut him down on the 13th of February 1976. He was succeeded by General Obasanjo who had been his Chief of Staff at Supreme Headquarters. General Obasanjo went to work and drew up a program, including the drafting of a new constitution which would form the basis for the return to civilian rule.

On September 21, 1978, Nigeria's new constitution was promulgated, and the ban on political parties was lifted. The new Constitution[6] broke with Nigeria's inherited British

[6] The Constitution of the Federal Republic of Nigeria, 1979.

2. The Unity Party of Nigeria (UPN), with Chief Obafemi Awolowo as its presidential candidate.
3. The Nigerian People's Party (NPP), with Dr. Nnamdi Azikiwe as its presidential candidate.
4. The Great Nigeria People's Party (GNPP), with Alhaji Waziri Ibrahim as the presidential candidate.
5. The People's Redemption Party (PRP), with Alhaji Aminu Kano as its presidential candidate.

There were five elections that preceded the handover by the military to civilian rule. These were: Senatorial, Federal House of Representatives, State House of Assembly, State Gubernatorial, and Presidential Elections. All were carried out and at the end of the complicated system, Alhaji Shehu Shagari emerged the winner as Executive President of the Federal Republic of Nigeria. On October 1, 1979, the military leaders handed over the government of Nigeria to a civilian administration headed by Alhaji Shehu Shagari, whose party, the Nigerian People's Party (NPN) had won the presidential election.

Economic History

As Barbara Gallaway has pointed out, the economic history of Nigeria can be linked to its colonial past. She parliamentary system in favor of the United States presidential model, with a strong elected head of state and strict separation of the legislative, executive and judicial branches. The president is elected for four years on the same ticket with the vice-president. The ticket needs to win "the highest number of votes cast at the election; and he has not less than one-quarter of the votes cast . . . in each of at least two-thirds of all of the States in the Federation."[7]

A bicameral legislative was set up comprising a House of Representatives with 350 members and a Senate composed of 95 members (five from each of the nineteen states). The lifting of the ban on political parties followed the formation of various political parties all across the country. After a series of splits, reconciliations and mergers, only seventeen parties actually applied for registration before the date earmarked by the Federal Electoral Commission.

On December 23, 1978, the Federal Electoral Commission announced that only five parties were approved to contest the federal elections. These were:

1. The National Party of Nigeria (NPN), with Alhaji Shehu Shagari as its presidential candidate.

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[7]Ibid., Sect. 126, p. 50.

argues that "one outcome of British insistence that each colony pay for itself and produce profits for British companies was the promotion of export trade."[8] Thus in Nigeria, "this export economy centered on cocoa in the West, palm oil in the East and groundnut in the North was for British colonial interest designed . . . to direct the export trade of Nigeria. . . ."[9] This brings one to the argument advanced by Nwankwo and Ifejika that "the principal motive of the British in creating Nigeria was not to advance the interest of the area, but to serve Britain's own economic interest."[10]

Like other Third World countries, Nigeria's economy has been heavily dominated by foreign enterprises. As Richard Harris has aptly pointed out, foreign investors in the Third World have the tendency to put their investment in areas of the economy that yield high profits. The lucrative profits they make, he argues, are sent back to their home countries, thereby stifling domestic capital formation which results in a net outflow of capital from underdeveloped

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[8] Barbara Gallaway, "The Political Economy of Nigeria," in The Political Economy of Africa, ed. Richard Harris (New York: Schenkman Publishing Company, Inc., 1975), p. 100.

[9] Ibid.

[10] Arthur Nwankwo and Samuel Ifejika, Biafra: The Making of a Nation (New York: Praeger Publishers, 1970), pp. 10-34.

economies to the developed ones in the form of repatriated profits, royalties or interests.[11] Giovanni Arrighi asserts that such businesses like the multinational corporations create "labor aristocracy" of well paid employees (mostly those from their home countries), while restricting the growth of wage employment opportunities in the modern sectors of the economies of Third World countries for the large number of unemployed and underemployed.[12]

When in the 1960s Nigeria embarked on an import substitution program,[13] most of the manufacturing enterprises with prior interest in the market turned to support it in order to meet rising competition. Import substitution lowered the cost of import commodities through processing, assembling, or packaging in Nigeria. The government granted tariffs to protect such finished products ("made in Nigeria") from "outside" competition. It was hence profitable for the foreign businesses to engage in this type of import substitution.

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[11] Harris, <u>The Political Economy</u>, p. 14.

[12] Giovanni Arrighi, "International Corporations, Labor Aristocracies, and Economic Development in Africa," in <u>Imperialism and Underdevelopment</u>, ed. Robert T. Rhodes (New York: Monthly Review Press, 1970), p. 255.

[13] Peter Kilby, <u>Industrialization in an Open Economy: Nigeria 1945-1966</u> (Cambridge, Mass.: 1969), pp. 53-137.

Import substitution is a protectionist policy of industrialization through domestic production of consumer goods in substitution for imports. It may range from "final touches" stage to local production of intermediate goods to that of basic industrial materials production. In other words, the country may start off with importing semi-finished materials and perform the "final touches" of assembling the materials into finished products. Or with the growth in demand for the final products, the import demand for intermediate components and basic goods may be sufficiently high to warrant investments in the production at home. The motor vehicle assembling industry in Nigeria is a notable case. It has been argued that import substitution behind high tariff protection was an important factor responsible (especially in the case of Nigeria) for the growth performance of the manufacturing sector of the economy.[14]

However, the Nigerian government realized that real substitution can be achieved only when foreign personnel and capital are replaced by trained Nigerian personnel and capital. It was to this end that the Nigerian government embarked upon the process of indigenising the economy. It was not, however,

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[14]Sayre P. Schatz, Nigerian Capitalism (Berkeley: University of California Press, 1977).

until 1972 that the government really embarked on an ambitious "Nigerianisation" program to indigenise the economy. The program otherwise known as the Nigerian Enterprises Promotion Decree was officially promulgated in March, 1972.[15] Its motivating factors were the need to: (1) create opportunities for Nigerian indigenous businessmen; (2) maximize local retention of profits; and (3) raise the level of intermediate capital goods production. It also aimed at forcing foreign businesses to employ local personnel, except in cases where there are no qualified indigenes, and to inject local participation into foreign enterprises.

The provisions of the Decree reserve for Nigerians certain types of businesses. Aliens are to be excluded entirely from some twenty-two businesses listed as Schedule 1, and thirty-three other businesses listed as Schedule 2, are to be reserved for Nigerians only if they are below certain size.

The promulgation of the Nigerian Enterprises Promotion Decree 1972 could therefore be viewed as the highest watermark of the long and unrelenting crusade to place the economic hopes and aspirations of Nigeria in the hands of Nigerians.

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[15] Federal Military Government of Nigeria, <u>Supplement to Official Gazette (Extraordinary)</u> 58 (February 28, 1972).

The opening paragraph of the section on indigenisation in the Second National Development Plan 1970-74 indicates that:

> One of the factors which tend to reduce the benefits of industrialisation to Nigeria is the employment of a large number of foreign nationals who receive considerable sums in the form of salaries and allowances. In order to reduce these 'earnings leakage,' government will intensify its efforts to ensure, not only that high-level Nigerian personnel are employed by private industry, but also that they are given responsibilities commensurate with their training and experience. Hitherto, many firms have placed a good number of Nigerians in management positions but it is widely known that many of these indigenous 'managers' are not given management functions to perform and are in fact little more than glorified clerks put up for window dressing.[16]

The provisions of the Decree may therefore be rightly regarded as the most comprehensive statement of the new policy orientation of the Nigerian government toward private foreign investment. They may be regarded as the military approach to dealing with the prolonged foreign domination of the Nigerian economy. They show clearly that the Nigerian government has come to attach very high priority to the objective of boosting indigenous entrepreneurship in the modern sector of the Nigerian economy.

However, the Nigerian Enterprises Promotion Decree 1972 contained many loopholes and was criticized bitterly by

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[16] Second National Development Plan, 1970-74.

many Nigerians. As a result, the military administration of General Obasanjo set up a commission of inquiry (The Industrial Enterprises Panel) to investigate the causes of the loopholes and to recommend what and how to plug them.

The report of the findings of the panel included among other things, loopholes in the 1972 Decree, devices such as fronting application for naturalization, extended use of the definition of Nigerian citizenship, interpretational problems of classification of enterprises, the gentle and crawling approach to implementation of the decree and frequent amendments providing for exemptions on flimsy grounds.[17] The panel blamed foreigners and "misguided Nigerians" for the problems.

The federal government subsequently issued a white paper which raised a number of criticisms on the implementation of the first phase of the indigenisation program. According to the white paper, the "indigenisation program was not accomplished: for not only were the shares of most companies affected not transferred to Nigerians, in many of those that complied, shares were sold to only a few Nigerians, leading to a narrow and inequitable distribution of the

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[17] (Lagos) Daily Times of Nigeria, Saturday, 29 January 1977, p. 3.

benefits of indigenisation."[18]

Following the government white paper, was a new decree, the Nigerian Enterprises Promotion Decree 1977.[19]

The Making of Indigenisation Policy

It was pointed out in the introductory chapter that indigenisation has ostensibly been a priority goal of most post-independent African countries. It is viewed as a means to prevent further foreign exploitation of the economy of the African continent. In other words, African countries do not have effective control of their economies. Foreign minority interests are still dominant in economic activities in African countries. To this end, many countries have proclaimed policies and initiated programs to remedy the situation. Such policies and programs are seen as assertions of "economic independence." Or as one source put it, they represent at least, a "prerequisite to economic independence, if not independence itself."[20]

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[18] Federal Ministry of Information: "Federal Military Government's Views on the Report of the Industrial Enterprises Panel," Printing Division, Lagos, 1976.

[19] See The Nigerian Enterprises Promotion Decree 1977.

[20] Dharan P. Ghai, "Concepts and Strategies of Economic Independence," The Journal of Modern African Studies 11:1 (1973): 21-42.

Background and Objective of Indigenisation

In the 1950s foreign capital and skilled overseas personnel had been officially welcomed and encouraged in every form of industrial and commercial enterprises. There was no rigid insistence on local participation, though partnership between overseas and local capital was favored. The government had no plans for indigenising the economy.[21]

The development of the structure of the economy to reflect an independent one with the "commanding heights" in the hands of indigenous Nigerians is a subject that has generated analytic discussion among scholars and experts of various orientations for some time now. While some trace its origin from around the 1960s, others have attempted to extend the period a little back into the 1940s and 1950s when Nigeria was still a colony of Britain. Paul Collins wrote:

> Historically, indigenous businessmen have been keen to break expatriate dominance of certain sectors, particularly retail trade, and pressures have been exerted on successive governments since the 1950s. Other factors include the civil war experience, the advent of military government, and the demonstration effect

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[21] Joint Statement of Governments of the Federation of Nigeria on "Opportunities for Overseas Investment," reprinted as an appendix to the official Economic Survey of Nigeria 1959 (Lagos), pp. 119-121.

> of other African States, all of which have contributed to the growth of economic nationalisation. Parallel indigenisation measures in the management of foreign owned or controlled enterprises had been started in 1966-67 when the Expatriate Quota Allocation Board was established.[22]

And to quote Inyang Etang:

> This gradual movement toward the acquisition of Nigerians of more active and increasing entrepreneurial role in the economic life of the country apparently began in the forties with the legislative establishment of produce marketing boards for the purposes of transferring control over the marketing of the country's export commodities from expatriate firms to Nigerians and to the Nigerian governments. It took another eight years after independence to promulgate the Companies Decree of 1968 that compelled all alien enterprises to register as Nigerian entities for purposes of bringing local subsidiaries of multinational corporations under more efficient control and another twelve years to consider promulgating the indigenisation. . .[23]

However, a close examination of the situation reveals that while collectively and/or individually, Nigerians were very much eager as early as the forties and fifties to own and control economic activities in the country, the attitudes of the government had been that of "foot dragging" toward such a move. Panter-Brick points out that even political "independence produced no change in these

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[22]Paul Collins, "The Political Economy of Indigenisation," The African Review 4:4 (1974): 492.

[23]Inyang Eteng, "Elements of the Political Economy," in Soldiers and Oil: The Political Transformation of Nigeria, ed. Keith Panter-Brick (London: Frank Cass Co., 1978), p. 156.

attitudes." He recollects how "a motion proposed in 1961 by Chief Obafemi Awolowo, as Leader of the Opposition in the Federal House of Representatives, approving the principle of 'nationalisation of basic industries and commercial undertakings of vital importance to the economy of Nigeria' was heavily defeated."[24] The value of foreign economic interests in Nigeria continued to be emphasized officially even though criticisms of these interests were popular.

Thus, inconsistent with official policy, the Federal Minister for Economic Development told the House of Representatives in 1964 that "most of Nigeria's economic difficulties can only be solved when foreign business concerns operating in Nigeria are in the hands of Nigerians; until then, all talk about economic progress would be useless."[25] Demand for substitution of public for private ownership and control (nationalisation); private Nigerians for foreign ownership and control (indigenisation); and Nigerians for expatriate senior personnel (nigerianisation), were not as

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[24]David R. Mummery, The Protection of International Pɪivate Investment: Nigeria and the World Community (New York: 1968), pp. 22-29.

[25]Waziri Ibrahim, quoted in Paul O. Proehl, Foreign Enterprise in Nigeria, Laws and Policies (Chapel Hill: 1965), p. 172.

a rule, clearly separated.[26]

By 1970, official attitudes had begun to change in favor of some sort of indigenous participation and control of the economy. As a result, the Second National Development Plan contained quotes like, "political independence without economic independence is but an empty shell," and therefore "a truly independent nation cannot allow its objectives and priorities to be distorted or frustrated by the manipulations of powerful foreign investors."[27] According to the Plan, indigenous ownership and control in strategic industrial areas were essential to maximize local retention of profit, and increase the net industrial contribution to the national economy. But more emphasis was put on government acquisition and control on behalf of the Nigerian society. Towards this end, government would acquire equity participation in "strategic industries" to be specified from time to time. Exploitation of strategic natural resources would be undertaken by government alone or with private concerns as partners, "provided in all cases, the government remains the dominant partner."[28]

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[26]Panter-Brick, Soldiers and Oil, p. 156.

[27]Second Development Plan 1970-74, p. 289.

[28]Ibid.

Government participation in industries regarded as strategic proceeded from 1971. By 1975, the Nigerian National Petroleum Corporation (a parastatal) had become the majority shareholder in all the companies extracting petroleum, as well as those in the refining and internal distribution of petroleum products. Substantial public shareholdings had also been acquired in the foreign-owned commercial banks and insurance companies, and in several newly established manufacturing firms. Majority public stakes were prescribed in the Second and Third National Development Plans for major projected industries including iron and steel making, petrochemicals, fertilizers and liquefaction of natural gas. Substantial indigenous stakes were prescribed for other industries including food processing, forest products and building materials, construction and plantation.[29]

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[29] Before 1972, all businesses in Nigeria were largely dominated by foreign enterprises. The Nigerian government and few private Nigerians entered only into partnership with these foreign enterprises. For example, in 1970 foreigners owned about 63 per cent of paid up capital while private Nigerians owned about 10 per cent and the remainder by the state.

CHAPTER III

THE NIGERIAN ENTERPRISES PROMOTION DECREES 1972 AND 1977

Businessmen and women who keep up with opportunities in trade and investment are familiar with the increasingly important Nigerian market in the global economy. Being the most populous[1] and the richest[2] of all black African nations and having an abundance of two resources (oil and gas) much valued and coveted by the industrialized world, Nigeria holds an important position in the world market.

Nigeria has a history of amicable commercial relations with the industrialized world, and the greatly increased volume of foreign exchange that became available

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[1]The last Census count in Nigeria (1974) placed the population at 79.76 million. See African Development (1976), p. 439.

[2]Nigeria's Gross Domestic Production (GDP) was estimated to be 11.5 billion dollars in 1975 and 18.4 billion dollars in 1980. Ministry of Economic Development (Central Planning Office), Guidelines for the Third National Development Plan 1975-1980.

to Nigeria (overwhelmingly from oil revenue)[3] permitted an even larger volume of trade and investment. Besides, Nigerians with their uncontrollable penchant for foreign goods and technology made Nigeria a bustling center for world businesses.

Nonetheless, Nigerians were exceedingly wary about foreign businesses and investments. Nigeria's nationalist leaders became much preoccupied with the country's economic dependence. It was not, however, until the launching of the Second National Development Plan 1970-74 that a clear strategy for reducing economic dependence emerged.[4] The document argued that it was necessary to localize ownership and control of the economy. The Nigerian Enterprises Promotion Decree as a result, became the first bold and outstanding initiative to put the strategy for independence into practice. This chapter's focus is on the contents of the Nigerian Enterprises Promotion Decree otherwise known

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[3]Daily production of high-grade, low sulphur crude oil reached 2.2 billion barrels in 1973. This made Nigeria the 6th largest oil producing country in the world. The United States Department of Commerce (Investment Resources Division), Economic Trends Report from Nigeria, 10 December 1973, p. 4; The New York Times, 23 November 1973, p. 55.

[4]Claude Ake, "Explanatory Notes on the Political Economy of Africa," Journal of Modern African Studies 14:1 (1976).

as the "Indigenisation Decree."

The Nigerian Enterprises Promotion Decree

Early in 1972 the Federal Military Government of Nigeria issued the "Nigerian Enterprises Promotion Decree" which became effective in March of 1974. The purpose was to eliminate or restrict foreign ownership in all sectors of the country's economy.[5] These sectors were divided into two schedules.[6] Schedule 1 comprised twenty-two relatively unsophisticated occupations that require minimum technical skill and for the most part were already dominated by Nigerians. For example, bread and cake making,[7] hairdressing[8] and haulage of goods by road.[9] Schedule 2 comprised thirty-three relatively more sophisticated businesses, example of which are furniture making[10] manufacture of cement,[11] book printing,[12] etc.

The 1977 Decree which was promulgated after a review

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[5]Nigerian Enterprises Promotion Decree 1972.

[6]Decree (1972) A18, Section 16 (3).

[7]Decree (1972), Schedule 1, A19, Item 6.

[8]Ibid., Item 11.

[9]Ibid., Item 12.

[10]Ibid., A20, Item 13.

[11]Ibid., Item 17.

[12]Ibid., Item 27.

of the 1972 Decree, increased the number of business categories for which foreign ownership was to be eliminated or restricted to one hundred and thirty-six. The sectors were divided into three schedules.

Schedule 1

1. Advertising and public relations business.
2. All aspects of pool betting business and lotteries.
3. Assembly of radios, radiograms, record changers, television sets, tape recorders and other electric domestic appliances not combined with manufacture of components.
4. Blending and bottling of alcoholic drinks.
5. Blocks and ordinary tile manufacture for building and construction works.
6. Bread and cake making.
7. Candle manufacture.
8. Casinos and gaming centres.
9. Cinemas and other places of entertainment.
10. Commercial transportation (wet and dry and fuel).
11. Commission agents.
12. Departmental stores and supermarkets having an annual turnover of less than N2,000,000.

13. Distribution agencies excluding motor vehicles, machinery and equipment and spare parts.
14. Electrical repair shops other than repair shops associated with distribution of electrical goods.
15. Establishments specializing in the repair of watches, clocks and jewelry, including imitation jewelery for the general public.
16. Estate agency.
17. Film distribution (including cinema films).
18. Garment manufacture.
19. Hairdressing.
20. Ice-cream making when not associated with the manufacture of other dairy products.
21. Indenting and confirming.
22. Laundry and dry-cleaning.
23. Manufacturers' representatives.
24. Manufacture of jewelery and related articles, including imitation jewelery.
25. Manufacture of suitcases, brief cases, hand-bags, purses, wallets, portfolios and shopping bags.
26. Municipal bus services and taxis.
27. Newspaper publishing and printing.
28. Office cleaning.

29. Passenger bus services of any kind.
30. Poultry farming.
31. Printing of stationery (when not associated with printing of books).
32. Protective agencies.
33. Radio and television broadcasting.
34. Retail trade (except by or within departmental stores and supermarket).
35. Rice milling.
36. Singlet manufacture.
37. Stevedoring and sharehandling.
38. Tyre retreading.
39. Travel agencies.
40. Wholesale distribution of local manufactures and other locally produced goods.

Schedule 2

1. Banking-commercial, merchant and development banking.
2. Basic iron and steel manufacture.
3. Beer brewing.
4. Boat building.
5. Bottling of soft drinks.

6. Business services (other than machinery and equipment rental and leasing) such as business management and consulting services; fashion designing.
7. Clearing and forwarding agencies.
8. Canning and preserving of fruits and vegetables.
9. Coastal and inland waterways shipping.
10. Construction industry.
11. Departmental stores and supermarkets having annual turnover of not less than N2,000,000.
12. Distribution agencies for machines and technical equipment.
13. Distribution and servicing of motor vehicles, tractors and spare parts thereof or similar objects.
14. Fish and shrimp trawling and processing.
15. Fertilizer production.
16. Grain mill products except rice milling.
17. Industrial cleaning.
18. Insecticides, pesticides and fungicides.
19. Internal air transport (scheduled and charter services).
20. Insurance--all classes.
21. Lighterage.

22. Manufacture of biscuits and similar dry bakery products.
23. Manufacture of bicycle.
24. Manufacture of cement.
25. Manufacture of cosmetics and perfumery.
26. Manufacture of dairy products, butter, cheese, milk and other milk products.
27. Manufacture of cocoa, chocolate and sugar confectionery.
28. Manufacture of food products like yeast, starch, baking powder, coffee roasting, processing of tea leaves into black tea.
29. Manufacture of furniture and interior decoration. Manufacture of metal fixture for household, office and public building.
30. Manufacture of leather footwear.
31. Manufacture of matches.
32. Manufacture of metal containers.
33. Manufacture of plastic products such as plastic dinnerware, tableware, kitchenware, plastic mats, plastic machinery parts, bottles, tubes and cabinets.

34. Manufacture of paints, varnishes or other similar articles.
35. Manufacture of rubber products, rubber footwear, industrial and mechanical rubber specialities such as gloves, mats, sponges and foam.
36. Manufacture of tyres and tubes for bicycles and motorcycles, of tyres and tubes for motor vehicles.
37. Manufacture of soap and detergents.
38. Manufacture of wire, nails, washers, bolts, nuts, rivets and other similar articles.
39. Other manufacturing industries such as non-rubber and non-plastic toys, pens, pencils, umbrellas, canes, buttons, brooms and brushes, lamp-shades, tobacco pipes and cigarette holders.
40. Mining and quarrying.
41. Oil milling, cotton ginning and crushing industries.
42. Paper conversion industries.
43. Plantation sugar and processing.
44. Plantation agriculture for tree crops, grains and other cash crops.
45. Printing of books.

46. Production of sawn timber, plywood, veneers and other wood conversion industries.
47. Petro-chemical feedstock industries.
48. Publishing of books, periodicals and such like.
49. Pulp and paper mills.
50. Restaurants, cafes and other eating and drinking places.
51. Salt refinery and packaging.
52. Screen printing on cloth, dyeing.
53. Inland and coastal shipping.
54. Slaughtering, storage associated with industrial processing and distribution of meat.
55. Tanneries and leather finishing.
56. Wholesale distribution of imported goods.
57. Photographic studios, including commercial and serial photography.

Schedule 3

1. Distilling, rectifying and blending of spirits such as ethyl alcohol, whisky brandy, gin and the like.
2. Tobacco manufacture.
3. Manufacture of basic industrial chemicals (organic and inorganic) except fertilizers.

4. Manufacture of synthetic resins, plastic materials and man-made fibres except glass.
5. Manufacture of drugs and medicines.
6. Manufacture of pottery, china and earthenware.
7. Manufacture of glass and glass products.
8. Manufacture of burnt bricks and structural clay products.
9. Manufacture of miscellaneous non-metalic mineral products such as concrete, sypsum and plastering products, including ready mixed concrete, mineral wool, abrasive; asbestos products; graphite products.
10. Manufacture of primary non-ferrous metal products such as ingots, bars and billets; sheets, strips, cirales, cecrous, rods, tubes, pipes and wire rods; casting and extrusions.
11. Manufacture of (fabricated metal) cutlery, hand tools and general hardware.
12. Manufacture of structural metal products--components of bridges, tanks, metal doors and screens, window frames.
13. Manufacture of miscellaneous fabricated metal products, except machinery and equipment, such as

safes and vaults; steel springs furnaces; stoves and the like.

14. Manufacture of engines and turbines.
15. Manufacture of agricultural machinery and equipment.
16. Manufacture of metal and wood-working machinery.
17. Manufacture of special industrial machinery and equipment such as textile and food machinery, paper industry machinery, oil refining machinery and equipment, and the like.
18. Manufacture of office, computing and accounting machinery.
19. Manufacture of other machinery and equipment except electrical equipment, pumps, air and gas compressors; blowers, air-conditioning and ventilating machinery; refrigerators, and the like.
20. Manufacture of electrical industrial machinery and apparatus.
21. Manufacture of radio, television and communication equipment and apparatus.
22. Manufacture of electrical appliances and houseware.

23. Manufacture of electrical apparatus and supplies not elsewhere classified, such as insulated wires and cables, batteries, electric lamps and tubes, fixtures and lamp switches, sockets, switches, insulators, and the like.
24. Ship building and repairing (excluding boat building).
25. Manufacture of railway equipment.
26. Manufacture of motor vehicles and motorcycles.
27. Manufacture of aircraft.
28. Manufacture of professional and scientific and measuring and controlling equipment, such as laboratory and scientific instruments, surgical, medical and dental equipment, instruments and supplies and orthopaedic and prosthetic appliances.
29. Manufacture of photographic and optical goods.
30. Manufacture of watches and clocks.
31. Ocean transport/shipping.
32. Oil servicing companies.
33. Storage and warehousing--the operation of storage facilities and warehouses (including bonded and refrigerated warehouses) for hire by the

general public.

34. Textile manufacturing industries.

35. Hotels, rooming houses, camps and lodging places.

36. Data processing and tabulating services (on a fee or contract basis).

37. Production of cinema and television films (or motion picture production).

38. Machinery and equipment rental and leasing.

39. All other enterprises not included in Schedule 1 or 2 not being public sector enterprises.

Schedule 1 was made up of forty occupations, examples of which are department stores and supermarkets, garment manufacture, hairdressing, laundry, dry-cleaning, newspaper publishing, municipal bus service and taxis. Schedule 2 comprised comparatively more sophisticated businesses. They are for example, banking, boat building, coastal and inland waterways shipping, fish and shrimp trawling, etc. Schedule 3 comprised for example, such enterprises like manufacture of drugs and medicines, tobacco manufacture, ocean transport/ shipping, oil servicing companies.

The Decree prohibits all foreign ownership of Schedule 1 enterprises. But under Schedule 2 enterprises, foreigners may own up to forty percent. Under Schedule 3, foreigners may own up to sixty percent.[13] However, despite the total prohibition in Schedule 1 and the forty and sixty percent figures in Schedules 2 and 3, respectively, the Decree made provision for "any alien who immediately before the commencement of the Decree was the owner or part-owner of any body corporate. . .to continue to be owner or part-owner of any such corporate if the annual turnover of the body corporate was not less than 25 million naira."[14]

A close examination of the schedules shows that the inclusion in Schedule 1 of such businesses as blocks, bricks and ordinary tiles manufacture, bread and cake making, hair-dressing, laundry and dry-cleaning, retail trade, ordinary garment making, etc., created no new opportunities for indigenous entrepreneurs since these areas had enjoyed intensive Nigerian participation even before the Decree was promulgated. In other areas such as blending and bottling of alcoholic drinks, newspaper publishing, radio and television broadcasting, Nigerians were effectively discouraged from participation by the government's strong regulatory and monopolistic position in the areas. The transfer of haulage of goods by road and clearing and forwarding from Schedule 1

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[13] Decree (1977), A21, Section 5.

[14] Decree (1977), A28, Section 7.

to Schedule 2 also caused a devastating set-back to the promise of entrepreneurial opportunities.

For the purpose of implementation, the Decree established the Nigerian Enterprises Promotion Board,[15] with nationwide enforcement power. An Enterprises Promotion Committee[16] was also established in each state to "assist and advise the Board on the implementation of the Decree; to ensure that the provisions of the Decree are complied with by alien resident or carrying on business in the states."[17] The Decree requires all companies with foreign ownership to inform the appropriate Enterprises Promotion Committee of the nature of their businesses, the nationalities of their owners, their capitalization, and their cash flows. The Committee, with the approval of the Board, then informs the companies of their classification, that is, whether they fall under Schedule 1, 2 or 3. Besides the Promotion Board (with nationwide enforcement power) and the Promotion Committee (state-wide power), the document created other machineries "to accelerate and smoothen the process of ownership transfers." These include the Nigerian Bank for Commerce and Industry (NBCI) to provide loan and finance to "a few

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[15]Decree (1977), A19, Section 1.

[16]Ibid., A20, Section 2. [17]Ibid., Section 5.

deserving Nigerians who seek to assume full or partial ownership of existing foreign enterprises, or who wish to establish new ones"; the Capital Issues Commission (CIC) to regulate the issuing and sale of shares to the public; and the Center for Management, Education and Training (CMD) and a number of polythechnics located in various states to furnish the new entrepreneurs with management and technical advice.

Penalty for Contravening the Decree

The Decree provides that any company or companies that had obtained no exemptions and/or extension of the time limit within which to divest the required percentages of foreign ownership were subject to being seized and sold by the Board, and the proceeds remitted to the owners.

> Where, on or after the appointed day, any alien continues to be the owner or part owner of any enterprise in contravention of section 4 of this Decree, it shall be lawful for the Board to take over, sell or otherwise dispose of the enterprise, and to distribute the proceeds of such sale or disposal (if any). . .to the proprietors of the enterprise duly registered under the Registration of Business Names Act 1961. . .[18]

However, the document makes provision for the right to petition, namely that:

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[18]Decree (1977), A25, Section 14.

> Any person aggrieved by any decision of the Board or by the exercise of any power under this Decree shall have the right to forward a petition on such grievance to the Commissioner who may notwithstanding anything to the contrary in this Decree and subject to the approval of the Federal Executive Council, confirm or reverse the decision of the Board or take such further measures in relation to the petition as he may think just and reasonable.[19]

The right to petition does not include the "right to appeal against any act, matter or thing done or purported to be done by or under this Decree. . ." in any court of law.

Comments on the Decree have been varied. Some saw the document promulgating the "Indigenisation" exercise as Nigeria's "economic Magna Carta." A. A. Ayida refers to it as one principal indicator of the revolutionary transformation of Nigeria into a "new political economy."[20] V. I. Bello hailed the policy as one of the boldest achievements of the military regime.[21]

Others have described it as a method of acquiring vested interests and wealth in the economy by comparador

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[19] Ibid., Section 21.

[20] A. A. Ayida, "The Nigerian Revolution 1966-1970," Proceedings of the 1973 Annual Conference of the Nigerian Economic Society on Public Enterprises in Nigeria (University of Ibadan, 1973), pp. 7-8.

[21] V. I. Bello, "The Intentions, Implementation Processes, and Problems of the Nigerian Enterprises Promotion Decree 1972," Proceedings of the 1974 Symposium on Indigenisation, p. 18.

elements. Okwudiba Nnoli wrote:

> Indigenisation is the latest instrument of the privileged classes for acquiring more vested interests in the neo-colonial economy and increasing their power and wealth. With the indigenisation of the public services virtually complete, these classes have turned toward the indigenisation of foreign economic activities for the improvement of their financial position, but under the cloak of economic nationalism.[22]

And to quote Bayo Akerele:

> I am concerned with the Nigerian practice of the government being used by Nigerian institutions and groups to achieve their own goals. The controversy between the socialists and the capitalists is one between the factions in the minority for control of the majority. . .[23]

The Decree as a Legal Document

From a legal point of view, the Decree has also been the subject of critical comments. For example, with respect to the requirement of 40 percent equity participation for Nigerians in Schedule 2 enterprises, it has been pointed out that under certain circumstances, ordinary shareholders in this category might in practice lose out, say, where there is reduced company profit and what is left goes to alien preference shareholders.[24] In other words, it is argued that

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[22] Okwudiba Nnoli, ed. Path to Nigerian Development (London: Zed Press, 1981), p. 75.

[23] Bayo Akerele, Proceedings of 1974 Symposium, p. 75.

[24] D. J. Cottrell, "A Legal Approach to Indigenisation Decree," New Nigerian, 23 March 1973.

40 percent of the share capital does not necessarily mean 40 percent of the profits. Likewise, it is questionable how much of a voice the 40 percent Nigerian participation will have in the running of a company.

In addition to the actual provision of the document, official statements made in clarification of its policy goals indicate the absence of any intention to alter the dependency situation. General Yakubu Gowon, the then Head of State, during his state visit to the United Kingdom in June of 1973 made the following statement:

> We are consolidating our political independence by doing all we can to promote more participation by Nigerians in our economic life while attracting more investments in sectors of the economy where Nigerians are not yet able to rely on themselves.[25]

On the same day in a reception at the Guild Hall, London, he elaborated further that the Decree was not a punitive measure directed against any foreign enterprise. Nor was it a euphemism for partial or total nationalisation, but rather aimed solely at securing for Nigerians greater participation in their national economic and commercial life. The decree, he further explained, was intended to encourage genuine foreign investors whose contribution in terms of capital and

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[25] New Nigerian, 15 June 1973.

know-how "we still and shall continue to welcome most fervently."[26]

A close analysis of the terms of the Decree supports such an interpretation. Large businesses are not affected, apart from 40 percent Nigerian equity participation. The Decree also requires transfer of ownership and control of specified industries within a given period and, moreover, to an indigenous private sector rather than to an expanded public sector. It looks like the Decree sought to establish a clear division of labor between foreign private capital and an emerging indigenous sector. In other words, indigenisation is an attempt to secure a certain position for growing local elite of private entrepreneurs whilst at the same time preserving the dominant place for foreign capital elsewhere in the industrial sector. In fact it is argued that one of the effects of indigenisation is moving foreign private investors out of their traditional sectors into new ventures with higher technology, management and risks.[27]

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[26] New Nigerian, 18 June 1973.

[27] A statement by the Federal Commissioner for Industries to the British Under-Secretary of State for Trade. Reported in The Renaissance, 1 March 1973.

The Decree as Economic and Political Document

As an economic document, it exhibits that worldwide desire for national control of its economy which has led to the adoption of a range of policies and devices by multinational corporations as well as national governments themselves. Such policies include local equity participation in alien enterprises (as in Schedule 2 of the Nigerian Enterprises Promotion Decree), the encouragement of complementary small-scale indigenous enterprises (as in Schedule 1 of the N.E.P.D.), joint ventures comprising local, state capital; private, national capital; and international capital (as in the case of the oil industry, banking, insurance, etc.).

Politically, the Decree deals with the internal aspect of indigenisation, namely, the impact of operating policies on Nigeria's social structure and balance of political forces. Just as externally it implies modified but continued form of dependence, internally, it provides for minimal restructuring of economic institutions inherited from the colonial period. As a result, the implementation of the Decree gave rise to the articulation of conflicts of interests amongst various strata and sections of the Nigerian society.

The conflicting interests that have been articulated in the course of the indigenisation exercise have been sectional and geographical. Initially, public expressed reactions to the Decree were directed to alien "saboteurs," but as the period of transition passed, debate has focused on public versus private sectors and distribution of benefits issues. The fierce debate on the issues of distribution of benefits led General Yakubu Gowon in his 1974 budget speech to declare that:

> It has never been and it cannot be, the intention of the Federal Military Government merely to create avenues for a few individuals to grow rich excessively and easily on account of the indigenisation decree. . .[28]

Paul Collins identifies five areas of conflicting interests occasioned by the Decree.[29] These areas, according to him, are:

1. The Public/Private Sector conflict, which is centered on any form of state intervention beyond the supply of loan capital to private sector. Controversy was triggered by hints that the Federal Government might take over businesses remaining unsold when the Decree deadline expired.

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[28] New Nigerian, 2 April 1974.

[29] Paul Collins, "The Policy of Indigenisation: An Overall View," Quarterly Journal of Administration IX, 2 (1975): 145-147.

2. The conflicts within the indigenous business community have been most pronounced between business organizations outside the Chamber of Commerce and Industry (most notably the Nigerian Chamber of Indigenous Contractors) who have criticized the unrepresentative narrow base of the states' Enterprises Promotion Committees.

3. The third conflict was between businessmen and civil servants who were all "beneficiaries of the indigenisation exercise." Complaints about civil servants' position and roles on states' Enterprises Promotion Committees were numerous. Some public officers who had good standing even resigned their positions to prepare for the indigenisation decree.[30] There were also alleged attempts of alien entrepreneurs to sell their businesses to public officers.[31] Central to the conflict is the fact that some businessmen who previously competed amongst themselves for state patronage find themselves competing with enterprising state officials, in a considerably disadvantageous

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[30]An example was the Kano State Commissioner for Trade and Industries who relinquished his post in anticipation for the Decree. Reported in New Nigerian, 4 October 1972.

[31]New Nigerian, 6 June 1974.

position.

4. The fourth type of conflict has a geographical base. At the inter-state level, businessmen attempting to buy up alien enterprises affected by the decree encountered opposition because they are "non-indigenes" of the states in which the enterprises were located. This was particularly the case in states which during the First Republic, were under the dominance of the political and economic elites of former regions.[32] Although the creation of states broke up the former regions and hopefully reduced threat of North-South polarization, there was still concern in the northern states about some form of industrial and commercial expansionism from the South. Consequently, some of the northern state governments bought up businesses and shares in order to fill a vacuum which might otherwise had been filled by non-indigenes. Some companies, for example, the United Africa Company set aside equal quota of shares for purchase by each state.

5. The fifth type of conflict was a triangular one between the federal government, certain indigenous business

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[32]The Rivers State was formerly a part of the former Eastern Region, where the business elites were mostly non-Rivers origin. See <u>Nigerian Tide</u>, 15 June, p. 9.

groups, and alien companies and their employees over amendments to the schedules of the Decree. For example, associations of indigenous transporters and clearing and forwarding agents complained against the federal government's decision to transfer the haulage of petroleum products and clearing and forwarding from Schedule 1 to Schedule 2 of the Decree.[33] Workers Unions in the affected industries also campaigned against possible loss of jobs should unbought alien enterprises have to close down.[34]

Commenting on the provisions of the Nigerian "Indigenisation Decree," G. O. Onosode said:

> When the Nigerian Enterprises Promotion Decree. . .was promulgated by the Federal Military Government in 1972, the intention of the government was primarily to ensure that Nigerian citizens and associations as defined, have the opportunity to participate fully in the ownership of business enterprises in this country. Regretably, none of its provisions expressly or impliedly concerned itself with the avowed egalitarian objectives of the Federal Military Government. . . .[35]

The Decree, it is further argued has a number of loopholes,

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[33] Daily Times, 7 February 1974; also, New Nigerian, 25 February 1974.

[34] Daily Times, 30 March 1974.

[35] G. O. Onosode, "Indigenisation Decree and Its Implementation," 1974 Symposium on Indigenisation, p. 32.

for example, Onosode argued that leaving "the option of selling shares privately or to the public at large to the discretion of the companies concerned," opens the whole indigenisation exercise to abuse. He points out that besides "structural built-in defects" in the decree, there exist several devices frequently employed by expatriates and Nigerians alike to circumvent the provisions of the decree.

> From the upsurge in the demand for shares, a new breed of 'professional shareholders' has emerged. In the bid to secure maximum allotment, varying tactics, all of a dubious and representative character, were employed, such as changing the profession as well as the order of one's names to produce incredible permutations and combinations, and using the names of pet animals, and procuring domestic servants, night watchmen and secretaries as applicants with a view to consolidating holdings through private transfer which though strictly legal are, in my view, contrary to public policy.[36]

Enterprises Affected by the Decree

Foreign enterprises affected by the Nigerian Enterprises Promotion Decree have been estimated to be up to 3000 companies.[37] This figure however refers to the 1972 Decree, and it is also a conservative figure. The 1977 Decree even affected about double that figure because more schedules were

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[36]Ibid., p. 37.

[37]Paul Collins, "The Political Economy of Indigenisation," African Review IV (1974): 494.

created under the provisions of the Decree. For example, the 1972 decree had only two schedules made up of twenty-two enterprises (Schedule 1) exclusively reserved for Nigerian, and thirty-three enterprises (Schedule 2) barred to aliens under certain conditions. The 1977 decree on the other hand, did not only create more schedules but also brought in more enterprises under its provisions, namely under Schedule 1, thirty-nine enterprises were barred totally to aliens. Schedule 2, contained fifty-seven enterprises with a stipulation of Nigerian majority participation (at least 60 percent); and Schedule 3 enterprises requring 40 percent Nigerian participation.

The British are most involved in Nigerian business but it was the Lebanese who severely felt the initial impact of the indigenisation measures because of their entrenchment in retail and distributive trade activities which had for long been keenly sought for by Nigerians to get into. Foreign businesses are involved in a range of manufacturing, distributive and service activities. They include such long time established trading companies like the U.A.C., C.F.A.O., John Holt as well as such multinational ventures like I.C.I., Lever Brother and Dunlop.

Under manufacturing, the following among others are listed as companies that were affected by the decree: Aluminum Manufacturing Company of Nigeria, Associated Industries (Soap and Cosmetics), Bata Nigeria Ltd. (Shoes), Berec Nigeria Ltd. (Batteries), Berger Paints Nigeria Ltd., Dunlop Nigeria Ltd., Lever Brothers Ltd. (Margarine), Guiness Nigeria Ltd., Metal Box Company of Nigeria, Nigeria Bottling Company, Nigeria Breweries Ltd., Nigeria Cement Ltd., Nigeria Textile Mills Ltd., Nigerian Tobacco Company, Tate and Lyle (Nigeria) Ltd. (Sugar), Vono Products Ltd. (Mattress), Wiggin Teape (West Africa) (Paper), etc. Under distributive activities were listed such businesses like CFAO, Lennards (Lagos) Ltd., Leventis Motors, Paterson Zachonis and Company, R. T. Briscoe (Vehicles and printing machines), United Trading Company, etc. Under service enterprises the following among other businesses were listed: Blackwood Hodge, Costain (West Africa) Ltd., Daily Times of Nigeria, several banks and investment companies, etc.[38]

The company that was most affected was the United Africa Company (UAC) because of its involvement in different areas of economic activities in the country. The UAC group include the following subsidiaries: West Africa Cold Storage

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[38] Ibid., p. 495.

Company of Nigeria, Kingsway Stores of Nigeria, Kingsway Chemists of Nigeria, A. J. Steward (Manufacture of toiletries and importation and wholesale marketing of patent medicines), G. Gottachalk and Company (wholesale of building materials), Finets Ltd. (properties), Pan Electric Ltd., African Timber and Plywood Ltd., Green ham Plant Hire Ltd., Bordpak Ltd. (production and sale of corrugated board cases), Premier Packaging Ltd., G. B. Ollivant (importers and wholesalers of general merchandise including office equipment, electronic data processing equipment, radios and domestic electric equipment and menswear), and Niger Motors.[39] The U.A.C. originally concerned with trade in export produce, importation and general merchandise, has in recent years moved into other areas including sales and service of technical goods and the provision of special services.

In terms of location, most of the large foreign businesses affected are based in Lagos with branches in the states. Kano State, a large and growing industrial center, came second to Lagos in the number of foreign businesses affected.

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[39] Ibid.

Summary and Conclusion

This chapter has been an analysis of the contents of the Nigerian Enterprises Promotion Decree. It indicated that the contents of the Decree made it possible for foreigners and their Nigerian collaborators to circumvent the implementation process. It also discussed the conflict of interests that was engendered by the Decree.

The next chapter will look into the problems of implementation. In order to fully grasp the problems, it will first look at the different agencies that were set up for the purpose of implementing the Decree. The rest of the chapter will be divided into four parts. The first part will discuss contradictions in the indigenisation measures. The second part will examine major government administrative problems in the implementation measures. The third part will discuss indigenous skills and access to capital as they represent a problem in the implementation exercise. Part four will address the problem of politics as it affect implementation. It will also discuss the question of instability and its impact on program implementation.

CHAPTER IV

TECHNOCRATS: DEFINITION AND ROLES IN THE INDIGENISATION PROCESS

In the last chapter, we traced the background and objectives of the indigenisation policy in Nigeria. This chapter will look at the process of indigenisation as it involves technocrats.

In every government, whether civilian or military, technocrats (the experts) have often been called upon in advisory capacities and have been placed on consultative committees or advisory groups in a policy-making situation. Sometimes formal arrangements have been made to institutionalize their input.

Who are technocrats and what are their distinguishing characteristics? The term technocrat will be defined here as an expert who has acquired detailed understanding of some technical or professional field or subject through education and experience. These may be planning, economics, engineering or administration. Given the skill, capacity and capability of technocrats in particular areas, they are able to propose specific solutions to concrete problems, thereby contributing to policy formation. As a group the term technocrat identifies a set of individuals who by and large are self-involved, and are perceived to be so by others, in the consideration of issues and the making of decisions affecting economic policy and issues of national development. Technocrats constitute a network of individuals with overlapping and cross-cutting ties deriving from actual interaction grounded in common interests, ideologies and shared values centered around a particular profession. Most technocrats deal primarily (but not solely) with economic policy.

Some studies on the role of technocrats have been made in the recent past. Two of such studies--Nathaniel Left[1] and Thomas Skidmore[2]--constitute very important literature on the subject. Left analyzes the effect of politics on economic policy and economic development in Brazil. In his discussion of the policy making process in Brazil, he

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[1]Nathaniel H. Left, Economic Policy Making and Development in Brazil (New York: John Wiley and Sons, Inc., 1968).

[2]Thomas E. Skidmore, "Politics and Economic Policy Making in Authoritarian Brazil," in Authoritarian Brazil: Origins, Politics and Future, ed. Alford Stepan (New Haven: Yale University Press, 1973), pp. 3-46.

deals with technocrats, their background, emergence, and role in Brazilian society. Left sees them as elements that give internal cohesion and stability to the decision making process; and believes that their prominence contributes to raising the quality of economic policy. He adds, "technocrats. . .play a crucial role in dealing creatively with some of the difficult economic problems. . . ." Writing in the same vein, Skidmore examines, among other things, the alliance between the military and technocrats. He argues that the military needs the technocrats to make the economy work and that the technocrats need the military for the implementation of their policies. The same alliance, he added, can be said to exist between the politicians and the technocrats in a civilian regime.

Terisa Turner[3] points out that in Nigeria, like in most Third World capitalist economies, there exist three sets of actors who participate in a commercial triangle, namely, businessmen, local middlemen from indigenous private sector and government officials who carry out a gatekeeper or comprador function. In addition to these three groups, the political economies of these developing capitalist

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[3]Terisa Turner, "Commercial Capitalism and the 1975 Coup," in Soldiers and Oil: The Political Transformation of Nigeria, ed. Panter-Brick (London: Frank Cass, 1978), p. 176.

countries are influenced by another group--technocrats.

It is this last group (technocrats) that play a major role in the formulation and implementation of major government economic policies. "The key defining features of technocratic state officials is their ability to produce...; this ability stems not only from training, but also from membership on a team of professionals. . . ."[4]

Technocrats and Other Actors in Policy-Making

Technocrats' jobs in the various public establishments involve combining technology, finance and managerial skills to produce tangible results. The division of labor requires an interdependence among various functional groups that make up the public service. Individual technocrats by virtue of their technical training and (for some) experience in foreign based industry, are accustomed to rational, impersonal and universal criteria for making decisions and for assessing their own accomplishments. Professional standing, the ground for job mobility, depends on cooperation with others in the organization.

The policy of economic nationalism and state-led development gave rise not only to a stratum of technocrats

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[4]Ibid.

and to statist compradors but also to disaffected middlemen who were excluded from the triangular relationships by the direct deals established in what are usually the most lucrative areas of the economy. Besides the tension between technocrats, compradors and the so-called middlemen, there existed another type of tension which developed around issues of policy between technocrats and statist compradors--the two groups of civil servants in charge of implementing state-led capitalist production plans. Both oppose the involvement of middlemen in strategic areas and are therefore divided from local businessmen. Technocrats are hired to make functional ventures in state capitalism. But these are under the ultimate control of traditional comprador administrators who have the opportunity to form bilateral relationships with foreign firms. In so doing they threaten to divert the policy of economic nationalism from increasing local capabilities to intensifying links with foreign capital.

Such a diversion leaves technocrats with little role to play and this in turn leads to frustration and opposition. Technocrats (or the professional officers) bitterly resented what they considered to be their subordination to the compradors (or administrative class). One of the main complaints was that permanent secretaries, who are heads of ministries are "always" chosen from the administrative class. Other grounds of resentment include the fact that in most cases the highest salaries of professional officers were lower than that of permanent secretaries. These rivalries between the different groups within the civil service caused suspicion and distrust which in turn affected policy making. They (the rivalries) were more pronounced during the first civilian regime.[5]

Though the structure and functions of the civil service under the military remained basically the same as they were in the civilian regime, several important qualifications regarding the context of their operations caused some changes in public perception. P. C. Asiodu outlined the following reasons responsible for the change. He wrote:

> With the suspension of parliamentary institution and the ban on party activity, there has been no place for party bureaucracies in formulation and highly public manoeuvres which often characterize such party activities. . . . This was the period of deepening crisis and of the gathering storm of seccession. . . it was easy to see the advantages, economic and political, of remaining one country, federal but united, but the federal argument was going by default. This was therefore a period which required public defense of the federal unifying ideal, with promises of

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[5]Stephen O. Olugbemi, "The Civil Service: An Outsider's View," in Nigerian Government and Politics Under Military Rule, ed. Oyeleye Oyediran (New York: St. Martin Press, Inc., 1979), pp. 96-109.

> reform and greater justice. In the absence of ministers (or later commissioners) on both sides, and in a situation where the protagonists were the military leaders themselves, it fell to the leaders of the federal civil service to undertake the task of defending the federal cause.[6]

With party politics out of the way and the military having given almost a blank check in policy-making and execution to the civil service, respect, trust and cooperation replaced the rivalries and distrust that existed between the different functional groups within the system. The role of technocrats was enhanced, in that the military relied very much on their expert advice. This reliance can be seen from the plethora of commissions, boards, task forces and other study groups (made up in most part by technocrats) that were set up by the government.

Technocrats and the Indigenisation Decree

During the five years of civilian administration (1960-1965), there was little or no interest and/or attempt to indigenise the economy hence no policy was initiated. Foreign firms that had entered Nigeria under a favorable set of regulations inherited from the colonial period stood to gain from a continuation of the status quo.

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[6] P. C. Asiodu, "The Civil Service," in Nigerian Government, pp. 82-83.

Nevertheless, with the emergence of the military in the Nigerian scene, the country adopted a program of indigenous participation in virtually all sectors of the economy.[7] The government undertook to promote indigenous private enterprise and to establish public control over the "commanding heights" of the economy.[8] Several parastatals were established by 1975. Some were to provide local enterprises with funds and guidance. Others were state corporations which were designed to operate as public enterprises. Each of these government extensions had a budget, a purpose, and an interest to defend, and a staff who because of their technical training and functional expertise, played significant roles in the indigenisation policy-making process.

The Political Role of Technocrats

In order to obtain certain amount of support for programs, technocrats may have to play not only technical but also non-technical roles as well. This raises the issue of technical versus political roles--a subject that has been

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[7]Second National Development Plan 1970-74, p. 134.

[8]P. O. Proehl, Foreign Enterprise in Nigeria, Laws and Policies (Chapel Hill: N. C. University Press, 1965), p. 163.

discussed by several authors.[9] It is possible that if technocrats are regarded by political and military leaders as individuals having technical expertise in specified areas, then technocrats will be expected to behave in specified ways. The expectations about their roles are created by those hiring or appointing them. This means that a certain type of behavior pattern will be considered acceptable one, and in some ways, technocrats may have to conform to that expected behavior, which may not be compatible with the way they perceive their roles. This obviously creates a problem. There is a technical aspect of the technocrat's role where he or she uses his or her knowledge to determine a particular economic policy or a course of action. But there is also the political aspect of the technocrat's role which is not clearly understood. Sometimes technocrats tend to give too much emphasis on one or the other of these roles. For example, in the case of the indigenisation policy, some

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[9] Michael A. Quinn, "Technicians Versus Politicians, Administrative Reform of Local Government in Developing Country: A Case Study of Porto Alegre, Brazil" (Ph.D. dissertation, University of Illinois, 1972; Guy Benveniste, Bureaucracy and National Planning: Sociological Case Study of Mexico (New York: Praeger Publishers, 1970); Gary Wynia, Politics and Planners: Economic Development Policy in Central America (Madison: University of Wisconsin, 1972); Merilee S. Grindle,"Power Expertise and the Technocrats," Journal of Politics 39:2 (May 1977): 399-426; Mahmud Tukur, Reform of the Nigerian Public Service (Zaria: Gaskiya Corporation, 1971).

observers maintained that the failure of the policy in the first phase which culminated in a wholesale review in 1976 was the result of less attention to the political dimension of the program.[10]

All economic programs and plans have problems but some are overcome more easily than others. Some are technical problems associated with the design of the plan, but program implementation implies more than the technical activities. Programs are part of the broad policy-making process and reflect most of its characteristics. As such, changes in the economic organs of the government, in political leadership, or disagreement between technocrats and other officials, and legislative opposition (in the case of civilian governments) can adversely affect policy implementation and the position of technocrats. To this end, the technocrats are well conscious of the fact that they are actors in social and political environments where they can only explain what they believe need to be done. In other

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[10]The usual Nigerian politics of ethnic rivalries played an adverse role in the indigenisation process. The fear of continued economic domination by one group over the other was a factor. For instance, some states refused non-state origins to acquire businesses. Also see Editorial Comment: "Failure of Phase I" Business Times. 10 August 1976; Taju Damole, "New Scramble for Alien Enterprises," Business Times, 10 August 1977.

words, in most cases, they are only called in to advise and recommend.

It is interesting to note the extent to which technocrats work for their superiors and the extent to which they get embroiled in politics. However, those associated with the military regimes portrayed themselves as being apolitical, always stressing elements of rationality and efficiency, and not particularly interested in political activities. Most of the technocrats who belong to this group believe that party politics and political activities in general are a distraction from their real interests and job concerns. Those associated with civilian regimes, on the other hand, feel that their role was not only technical but also political because they constantly attempt to influence the setting of public policy objectives even when the policy broadly defined had already been determined.

In an attempt to provide information on how technocrats viewed and carried out their roles in the indigenisation process, how they worked in group action, and how they related to other decision makers, some technocrats were interviewed.

Given the shifting patterns of power in Nigeria during the period under study, fairly extensive changes can be expected to occur in the principal figures shaping high level policies. Recognizing this, efforts were made to get a sample that was representative of the different administrations, past and present. The data used in this study were obtained through interviews of fifty persons, most of whom were government officials. Some of them had connections with all the administrations--Balewa through Shagari. These include ministers, officials of the Ministries of Economic Development, Trade, Industry, and Finance, the Central Bank, the Enterprises Promotion Board, Lagos Stock Exchange.

Data obtained from the interviews showed that the majority of the technocrats were between forty and sixty years old. In addition, those appointed as ministers or commissioners were older than the professional staffs. All but five of the persons interviewed were males. All individuals interviewed were born in Nigeria by Nigerian parents. Over two-thirds of the technocrats interviewed had completed some form of higher education or training comparable to degrees in such fields as economics, planning, civil engineering, public or business administration, and law. About half had college degrees, while a good percentage of them had studied in universities and colleges outside Nigeria, mainly in Britain and the United States.

Since experience on the job is related to the development of a technocratic outlook, part of the interview was focused on the technocrats' occupations, past and present, and on identifying those activities which they would consider more appropriate or ideal, given their education and training. Of those interviewed, about one-third earn their income from more than one source. Less than half reported that their total income come from a full-time position in which they are able to use their education, training and experience.

The following pages are drawn principally from the interviews. One aim of the interview was to obtain their perceptions, attitude and values concerning their action in the making of the indigenisation policy. The focus is on action and evaluation of performance in the context in which they (the experts) participated directly in the process.

In the interviews, technocrats provided information about their own actions and participation in the activities of the institutions or agencies they directed or the programs they designed. In the quotations that follow, it is important to note the extent and depth of some of the changes pursued by the civilian and military governments, and the difference in these changes. The plans and projects these officials worked on were never fully implemented but their feelings convey commitment to the tasks they were set to accomplish. In this respect there are some differences between the information given by technocrats associated with the military regimes and those associated with the civilian governments.

The first group of technocrats responded as follows with respect to their individual roles within their respective ministries, agencies, commissions, boards or task forces.

> I had an important position in my organization. I believe my power was derived from my sense of competence and my capacity to introduce measures that I consider good and efficient for the economic survival and well being of the country.

> I feel I have a lot of experience in government. I have had the opportunity to serve in both military and civilian governments. I served in both the Gowon and Muhammed/Obasanjo regimes. I am now still serving in the present Shagari Administration. In the past regimes I headed an organization that had to do directly with the indigenisation thing. In my present position, I don't deal directly about the indigenisation policy which is an on-going thing, but my ministry has some connections with the policy. I have been good and well known in my area of specialization; I knew what I wanted and what is good for the country.

Several other technocrats who were directly associated with the making of the indigenisation policy had this to say:

> I worked with a government that had everything necessary to bring development to Nigeria. I worked with friends in the ministries. We all knew each other and we would meet and discuss issues of economics, politics, etc., We maintained friendly environment.
>
> Indigenisation program, like most government policy programs was designed by groups. Many interested groups actively participated in the planning of the policy. They articulated the interests of individual groups. It was definitely a popular plan.[11]

From my discussion with different levels of technocrats, those who have been associated with both military and civilian governments felt they could work more as individuals in the military administration than they could in civilian government (Table 1 on page 94 shows categories of respondents and the regimes with which they were associated). In addition, technocrats of the military regimes felt their positions in the military government constituted an important base from which economic policies could be designed and formulated. Hence, they felt the strength of their bargaining positions and utilized them to exert pressure in their relation with other actors. On the other hand, technocrats of the civilian government appear to act more as a group that worked collectively and formed coalitions in determining

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[11] One of the many statements made by technocrats in answer to interview questions.

Table 1

FORMER TECHNOCRATS AND THEIR CATEGORIES

OF CURRENT OCCUPATIONS

Category	Regimes			Total	Percent
	Civilian	Military	Civilian-Military		
Civil Servants	--	5	15	20	40
Businesspersons	9	--	6	15	30
Politicians	--	8	--	8	16
Others	--	7	--	7	14
Total	9	20	21	50	100

Source: Author of the paper.

The table shows the breakdown of the 50 persons interviewed:

a. Out of 20 civil servants interviewed, 5 had worked only with the military administration, while 15 served in both civilian and military administrations.

b. For businesspersons, 9 served in civilian and 6 in both civilian and military administrations.

c. All the 8 politician respondents served only in military administrations.

d. The category of others interviewed include 2 farmers, 2 teachers, 1 lawyer and 2 students.

economic policy. In the same vein, technocrats associated with the military governments were in some ways more committed to their positions and actions and were more confident of their capacity to act effectively in economic policy making as individuals.

A different set of interview questions covered the aspect of organizational life; dealing with descriptions of aims and structures, of alliances, achievements, set backs, and problems with other groups. In this way, it was possible to cover a broader range of power related activities and at the same time provide information on how they (the technocrats) get involved with other groups, as well as how they relate to other authoritative individuals and groups.

Most technocrats spoke of the problems and experience in positions where they determine policy objectives and coordinate the implementation of activities with groups other than their own. A great many agencies or groups with which they work are mostly concerned with the design of policy and the implementation of procedures. Technocrats see them as lacking the capacity for implementation.

With respect to roles and satisfaction in their professional activities, the technocrats stressed their moral responsibilities. A sense of engagement in a complex task of national reconstruction in economic policy making seems to mask their expression. They also show concern for internal unity and purpose, and external support in pursuit of the goals they were set out to achieve. There were also a general sense of practicalism and realism among the technocrats, especially those who worked with the military regimes.

> I am realistic, practical, rationalistic and like to work towards things that are possible even if they require great sacrifice, but they have to have a realistic base. The orientation of the military governments towards indigenisation of the country's economy was realistic and rational.

The above quote represents the thoughts and orientation of eighty percent of the technocrats who served with the military. However, most of the accounts portray technocrats as viewing themselves as protagonists but not as main actors or object of action in the making of the policy.

Technocrats in general realize they do not have all the answers to the economic problems. They have ideas and technical expertise that allow them to diagnose and perceive certain problems that may arise. They know that some specific economic policies cannot meet the needs of the nation and they are capable of proposing possible solutions.

The question, however, is whether their proposals and recommendations are usually translated into effective actions. They can give advice according to their knowledges, experiences and values, but are these the only ingredients that shape economic policy? Technocrats are actors in the political arena when they influence or make policy. If they do influence policy, they exercise some kind of power. So the question of how they act and what are their sources of power become critical. Their views and actions are shaped by images held by various groups in society and by the images prevalent in the professional groups with which they were associated prior to entering government. These reference outside groups continue to shape their perceptions of the problem of economic policy. Technocrats like any other people, have the personal interest in continuing to be respected and accepted by their reference groups. Personal experiences also play a role, some technocrats have a deep involvement in economic issues beyond official policy.

The question of power of the technocrats, or rather the exercise of power by them is closely associated with their relations to other groups, more specifically, with military and political leaders. To this end, some part of the interview questions were designed to probe the respondents' feelings about their relationship to higher level leaders and how this relationship influenced their participation in the economic policy making, more specifically in the indigenisation policy. In general, the technocrats believe that when their proposals are not successfully or totally implemented, it is the result of built-in deficiencies of the political system or of the elites (military or civilian) who are in charge of overseeing the general implementation of the programs. In addition (as it became clear through some of the officials' remarks), technocrats believe that the heterogenous nature, and divergent positions of social and political groups in Nigerian society often work at cross purposes and tend to make efforts at preparing programs and projects difficult. They believe that it is the actions of "other groups" (even the government elite) in some way that undermind genuine constructive attempts at the policy-making process.

When technocrats are appointed a certain amount of power is delegated to them. In the case of the military regimes, technocrats were quite influential. In the civilian regimes the economic programs were basically prepared by leaders of different groups and a minimum of diffused delegation of power took place. In both cases, however, the amount of power delegated seems to be limited because politicians as well as military leaders want to maintain control over the technocrats.

Technocrats who were associated with the first civilian government and those of the present civilian government acknowledge that they worked together with different groups representing varied interests. This constitutes an important source of power and support. The indigenisation policy process sailed through smoothly because it was popular, many groups supported its objectives.

One of the differences between the military and civilian administrations is the extent of centralization of authority. While the military based its administration on highly centralized authority, the civilian administration generally is decentralized and thus lacking the swift and prompt adoption and implementation of policy as characterized by the former. Although problems have risen as regards the indigenisation decree, it has been argued that in principle, it (the promulgation of the decree) was a laudable effort by the military regime that civilian administration could have hesitated to do for selfish interests.

When respondents were asked why in their opinions the indigenisation policy was easily executed by the military, majority of them pointed to the fact that the military administration was centralized and as such it was easier to take decisions.

> I believe that centralized action is best for policy making. For the civilian administration, there are different interest groups and all want to benefit selfishly from government policy. It all fall apart, groups are unable to compromise. This makes it difficult to adopt and execute a policy. In a system

> where authority is highly centralized, such as the military regime, it is quite easy to formulate, adopt and execute a given policy promptly without much ado.

Another question as to whether indigenisation accomplished much in terms of economic independence, engendered a negative response from 100 percent of respondents.

> No. I don't think so because the economy of Nigeria still largely depends on outside control. The worst thing is that the most important and lucrative sectors of the country's economy are directly or indirectly owned or controlled by foreigners. The government's recruitment of highly-paid foreign personnel to man enterprises, including parastatals and corporations, has also helped to perpetuate the state of dependency on outside control.

On the question of beneficiaries, most of the persons interviewed named military officers as chief beneficiaries, followed by politicians and civil servants. They include military governors, federal and state commissioners, permanent secretaries and other top government officials. Respondents also pointed out that most lucrative businesses generally went to the most influential and powerful persons.

Respondents were asked to give an assessment of the Nigerian indigenisation exercise in respect of the proportion of the transfer of ownership and control of foreign enterprises to Nigerians, and the pattern of share acquisition by Nigerians. Majority of them shared the following view:

> Share ownership in, and control of foreign enterprises open to Nigerians are two distinct variables, as the

> indigenous equity participants were soon to realize. Central and sensitive issues pertaining to these foreign firms, such as what technology to employ, research to be undertaken, the location and diversification of investments, engineering and patenting of technology and equipment, market strategies, capitalist exploitative tactics and manoeuvres, etc., are usually decided at the metropolitan headquarters of the firms, not in Nigeria.[12]

It is the opinion of 96 percent of the respondents that indigenisation has not in actual sense accomplished much in the transfer of ownership and control of foreign businesses to Nigerians. They argued that the only areas of the economy Nigerians own and control fully are the least lucrative ones. Besides, these areas were already in the hands of Nigerians before the indigenisation decree was promulgated. Indigenisation is seen as a device whereby the Nigerian bourgeoisie is used to protect imperialist economic domination in the country. Instead of the government acquiring alien enterprises for the people, an elitist, selfish and discriminatory method of private acquisition through public loans was adopted. These loans are fraudulently used to transfer numerous enterprises to domestic capitalists who are extensions of foreign capitalist exploitation.

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[12] This statement echoes the views of most of the people who were interviewed.

On the question of the pattern of share acquisition, 88 percent of the respondents think it is discriminatory. They identified certain areas of concentration of share allocation. These are urban/rural, high and middle income/low income groups in urban areas. The pattern of share acquisition between the urban and rural areas, between high and low income groups, and between military and civilian population is anything but just and egalitarian. The rural/urban disparity became more aggravated as a result of indigenisation. The rural population fell far behind the more politically articulate and effective urban dwellers in the acquisition of shares in foreign enterprises. The well-placed elite, who purchased shares of stocks in foreign-owned companies, and who have other connections with affluent foreign firms, and have strategic positions in the Nigerian polity, continue to forge further ahead of the non-elite low-income groups. The concentration of share acquisition in the urban area is generally justified by the argument that, from the political and economic point of view, it is the most significant sector of the social structure in the country. It is here that the social groups which control the post-colonial state are to be found. It is also the principal medium of interactions with the dominant metropolitan centers to which the Nigerian economy is tied.[13]

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[13]Even the technocrats made statements that the concentration of shares acquisition in the urban areas and among the elite groups was a result of the fact that the urban areas are the nerve centers of political and economic activities. And the elite groups, not the masses, are the actors.

CHAPTER V

MECHANISMS FOR IMPLEMENTATION OF THE NIGERIAN ENTERPRISES PROMOTION DECREE

The mechanisms for the implementation of the Decree can be found in the Decree itself. The Decree comprises twenty-five sections and each of them deals with a particular aspect of the mechanism. For example, Section 1 provides for the establishment of a Promotion Board whose functions are clearly outlined in the Decree, namely: (1) to advise the Commissioner on clearly defined policy guidelines for the promotion of Nigerian enterprises, (2) to advise the Commissioner on measures that would assist in ensuring the assumption of the control of the Nigerian economy by Nigerians in the shortest possible time, and (3) to determine any matter relating to business enterprises in Nigeria generally in respect of commerce and industry that may be referred to it. . .[1]

Membership of the Board appointed by the Federal

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[1]Decree (1977), A19, Section 1.

Executive Council was drawn from the following:

1. Five Nigerians from outside the Public Service of the Federation or the States.
2. A representative form each of the following Federal Ministries:
   (a) Industries
   (b) Finance
   (c) Economic Development
   (d) Trade
   (e) Internal Affairs
3. The Secretary of the Capital Issue Commission.
4. The Director of the Stock Exchanges in Nigeria.

Section 1 (4) of the Decree provides for a Secretary of the Board who "shall be appointed by the Commissioner on the recommendation of the Board and who shall be the head of the Board's secretariat, and who shall be responsible to the Chairman for the efficient implementation of the Board's decisions. . ." Section 1 (5) vests the Board with the power to coopt any member to attend its meeting. This is done so that persons whose expert advice is needed could be utilized. For example, the legal adviser to the Federal Ministry of Industries is an ex-officio member of the Board by cooptation.

At the same level the Decree made provisions for a

"Promotion Committee" in each state. The Chairman of the Committee is the Permanent Secretary of the Ministry responsible for industrial and trade matters in each state. Other members of the State Committee are:

1. An officer in the Ministry of Trade
2. The Registrar of Co-operatives
3. Six other persons appointed by the State Commissioner for trade or industries.

Section 2 (5) of the Decree outlines the functions of the State Committee:

--to assist and advise the Board on the implementation of the Decree,

--to ensure that the provisions of the Decree are complied with by aliens resident or carrying on business in the state,

--to recommend to the Board such other measures as may be necessary in the opinion of the Committee to enable full effect to be given to implementation of the Decree, and

--to perform other functions as may be assigned to it by the Board.

The Secretariat of the Board comprises the following units:

1. The Administrative Unit headed by an Administrative Officer at the level of Under Secretary who functions as the Secretary to the Board and head of the Secretariat. He also coordinates the activities of the Secretariat and is directly responsible to the Chairman of the Nigerian Enterprises Promotion Board.
2. The Inspectorate Unit comprises the inspectors of enterprises (Section 12 of the 1977 Decree). It is the responsibility of the inspectors to ensure that each affected enterprise complies fully with the provisions of the Decree. Before the deadline date, the inspectors undertook extensive inspection exercise aimed at reminding affected enterprises of their obligations under the Decree. After the deadline date, their duties were mainly to concentrate on monitoring the progress of the implementation of the Decree by undertaking inspection exercises and submitting reports highlighting the extent of compliance. They perform one of the most vital functions in the implementation exercise.
3. The Valuation Unit is made up of experts from

various disciplines like engineering, accounting, law, architecture, land officers, etc. Section 14 of the Decree vests the Nigerian Enterprises Promotion Board with the power, where on or after the appointed day any alien continues to be the owner or part owner of any enterprise in contravention of Section 4, 5 or 6 of the Decree to:

(a) take over, sell or otherwise dispose of the enterprise

(b) distribute the proceeds of such sales or disposal (if any)

  (i) in the case of partnership to the proprietors of the duly registered as such under the Registration of Business Name Act 1961.

  (ii) in the case of companies registered under the Companies Decree 1968, to the shareholders of the company.

  (iii) in any other case, in such manner as may be directed by the Board.

The Valuation Unit is responsible for the valuation of enterprises which may have to be taken over by the Board. Besides the statutory functions, the Valuation Unit also functions in advisory capacity to Nigerian businessmen who may wish to purchase businesses which, under the Decree must pass to Nigerians.

Another important mechanism for implementation process was the establishment of the Capital Issues Commission under Section 9 of the Decree. It composed of the following:

1. The Central Bank of Nigeria
2. Federal Ministry of Finance
3. Federal Ministry of Trade
4. Federal Ministry of Industries
5. Federal Ministry of Economic Development and Reconstruction
6. Lagos Stock Exchange
7. Three independent members selected with an eye to business and financial experience.

The Commission was responsible for the determination of:

(a) the price at which shares or debentures are to be sold to the public either through offer for sale or direct issue;

(b) the timing and amount of sale;

(c) in the case of a company whose shares are already quoted on any recognized Stock Exchange, the timing and amount of any subsequent issue or supplementary offer for sale and the price at which the shares and debentures are to be sold;

(d) such other matters incidental or supplementary to the foregoing as the Commission may at its discretion determine.

The provision of the decree apply to all public companies that is, all companies which do not by their Articles of Association specifically prohibit the sale of their shares and debentures to the public. Provision for determining amount of issue is intended to ensure that issues are brought into the market in such installments as can be conveniently absorbed.

One of the most far reaching steps taken by the government to implement the indigenisation decree was the establishment of the Nigerian Bank for Commerce and Industry. The bank's main functions include:

1. Financing Nigerians' purchases of foreign-owned companies.
2. Acting as the "buyer of last resort" of shares of foreign-owned companies of which no immediate

Nigerian buyer could be found.

3. Making commercial loans to the newly Nigerianized businesses to ease cash flow problems which were expected to arise during the transition period.

The bank's regulations require purchasers of businesses to put up 30 percent of the price. The bank will not acquire more than 40 percent interest in any company nor make a loan of under N20,000.[2] Besides the Nigerian Bank of Commerce and Industries, private commercial banks were also encouraged to make loans to "deserving" Nigerians who sought to assume ownership of existing enterprises or start new ones.[3]

Problems of Implementation

Since 1972 Nigeria adopted indigenisation plans as a strategy of accelerating economic independence. The plans appear "excellent" since they were drawn up with expert assistance. Yet the magnitude of economic, industrial and social development which the indigenisation plans were to make possible has not been realized. The planning process involved political decision makers and their technical

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[2] Nigerian Business Digest, (November) 1973, p. 8.

[3] A. E. Ekukinam, "Opening Address," Indigenisation: Proceedings of the 1974 Symposium, p. 2.

experts. But implementation of the plans posed problems and complexities and required several inputs of various kinds of resources which are often in short supply in an undeveloped country, such as Nigeria.

The primary objective of this chapter is to identify and analyze some of the main problems which constrained the implementation of the indigenisation decree. These problems are related to contradictions in the decree itself, the role of government administration, indigenous skills and access to capital, the politics of the indigenisation measures, and political instability.

Contradictions

Inyang Eteng has pointed out some of the contradictions of the indigenisation policy in Nigeria.[4] These contradictions, he stressed, can more appropriately be tied to "Western ideology of development" and therefore have their roots from the firm belief by the Nigerian governments that "indigenisation will foster technological transfer from Western industrialized nations." Quoting Ominiyi Adewoye, the then Commissioner for Economic Development, Eteng argued

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[4]Inyang Eteng, "Indigenisation for Lumpen-Bourgeois Development in Nigeria," in Path to Nigerian Development, ed. Okwudiba Nnoli (London: Zed Press, 1981), pp. 217-240.

that the government's preoccupation with the indigenisation of the private sector was predicated on the issue of transfer of technology from the advanced industrialized nations to develop local technology. Eteng further points out that underlying the various arguments and "theories" of development and analyses of Nigeria's indigenisation problems are certain prevailing assumptions. Foremost among these assumptions is the belief that Nigeria would benefit from several decades of scientific and technological advances made by industrialized nations through massive technological importation, rather than establishing an autonomous science and technology base of its own. He argued that the capitalist mode of investment and capital formation in Nigeria during the colonial and post-colonial era, as well as the role of multinational corporations in the Third World in general, suggest that indigenisation as an instrument for engineering development oriented technological transfer is a typical bourgeois myth.[5] Thus it is largely argued that the continued underdevelopment of the Third World is the result of their continued incorporation as dependent satellites within the capitalist system. To this end, Frank points out that:

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[5] Ibid.

> In reality, the new underdeveloped countries have since been incorporated and integrated into the single world embracing capitalist system, to whose development they contributed with cheap labor, raw materials or, in a word, with investible surplus capital. In this process --that is, in the process of capitalist development and of the economic development of the capitalist metropolis in Europe and North America--the social physiology of Africa, Asia, and Latin America has been totally and uniformly changed into what it is today, the structure of underdevelopment which was. . .created and still is consolidated by the development and structure of the world capitalist system.[6]

Thus Eteng echoing Frank's point, argues that the assignment of a development role in Nigeria to foreign technology is based on erroneous assumption by Nigerian leaders. Furthermore he emphasizes that since international mobility of monopoly capital is primarily guided by the search for higher profits, the scientific and technological underdevelopment of non-industrialized countries normally renders them easily susceptible to capitalist manipulation and exploitation.

> In this regard, technologies imported into Nigeria from Western capitalist countries have generally included obsolete and scrapped materials, often repainted and then exported as newly-manufactured equipment; machinery which is often inappropriate for the prevailing ecological, adaphic and tenurial conditions in Nigeria; equipment which perpetrates existing contradictions between the country's urban growth enclaves and impoverished rural areas; technologies which enable controlling

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[6]Andre Gunder Frank, Latin America: Underdevelopment or Revolution? (New York: Monthly Review Press, 1969), p. 128.

> foreign interests to take full advantage of the government's ultra-liberal incentives and concessions usually designed to safeguard foreign establishments incorporated in Nigeria against stiff external competition; foreign patented, low-cost capital goods generally invested in high profit but low capital formation ventures (assembling, processing, packing, distribution and other import substitution establishments), and consumer durables like radios, television sets, vehicles, etc. which are frequently subject to inelastic demand and whose increased importation. . .has contributed immensely to the country's present trade imbalance and foreign reserve depletion; and capital goods which facilitate the diversification of foreign investments in order to avoid or contain local competition.[7]

Eteng continues:

> There are several (other) deleterous consequences which result from Nigeria's continued dependence on foreign, particularly Western technology; these are often glossed over by the country's policy-makers. They include the inextricable subjection of Nigerian skilled workers to the dictates of foreign technology required by externally-oriented work organizations operating in Nigeria; the constant depletion of Nigeria's scarce resources, especially foreign reserve, partly due to the high cost of imported equipments and high interest rates on foreign loans borrowed to finance the importation of expensive mechanical equipment; the subjection of Nigeria's educational, scientific and general research and services orientations to the restrictive logic of foreign science and technology; the continued dependence of local industries, including the completely indigenized ones on foreign material and human inputs required by foreign technology, thus creating booming markets not only for the imported technologies and spare parts but also for the foreign resources required to operate them. . .[8]

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[7]Eteng, "Indigenisation for Lumpen-Bourgeois," p. 228.

[8]Ibid.

In the colonial days, the traditional pattern of economic relationships in Nigeria in particular (and Africa in general) were largely destroyed and in their place were created satellite economies whose primary function was the production of one or a few cash crops or raw materials for export to the colonial mother country. Today, despite all the policies designed toward economic independence, African economies are still largely tied to outside control and open to exploitation. Under colonialism, Africa was opened up to foreign investors anxious to make quick profit on their investment. As a result, foreign investment is today still an important feature of the economies of all countries of Africa. In spite of the fact that the impact of these foreign investments have not led to the industrial development of African economies, but rather to continued structural imbalance and external dependence of the economies, little or nothing is being done to change the situation. The few changes (if any) that have taken place are only mere window dressing, designed in fact to open African economies to different forms of exploitation. As Giovanni Arrighi has pointed out, a new pattern of foreign investment and consequently exploitation has emerged in Africa in recent years. He writes:

> The upshot of these changes has been the emergence of a new pattern of foreign investment in which financial and merchant interests and small-scale capital (mainly in agriculture but also in secondary and tertiary industries) have declined in importance relative to large scale manufacturing and vertically integrated mining concerns. The typical expatriate firm operating in Tropical Africa is more and more what has been called the multinational corporation or the 'great territorial unit,' i.e., an organized ensemble of means of production subject to a small policy-making center which controls establishments situated in several different national territories.[9]

In Nigeria, indigenisation was no real and obvious solution to the problem of dependence. Nigeria's indigenisation policy was purportedly designed to effect the transfering of control over small-scale businesses to Nigerian entrepreneurs; reduce the incidence of profit repatriation by foreign investors operating in the country; effect the transfer of technology and managerial expertise to Nigerians; and raise the level of goods production in the country. But in the same breath, Nigeria's economic policy has been an open door one--a policy that contradicts the purpose of the indigenisation decree.

Some few years after the decree became operational, there was expressed satisfaction that the decree was

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[9]Giovanni Arrighi, "International Corporation, Labor Aristocracies, and Economic Development in Africa," in Imperialism and Underdevelopment, ed. Robert T. Rhodes (New York: Monthly Review Press, 1970), p. 225.

successful judging from the degree of compliance. According to government source, of 306 businesses under schedule one, about 237 complied, and similarly, of 628 businesses under schedule two an estimated 503 also complied.[10] By 1975, evidence showed the contrary. Government's initial claims of high degree of compliance were highly exaggerated. The government itself was forced to appoint a high-powered Industrial Enterprises Panel to look into the indigenisation exercise. The panel confirmed that the 1972 indigenisation program failed woefully with regard to national policies and objectives.[11] It particularly noted that besides many defects in the indigenisation decree, foreigners with the collaboration of Nigerians used various devices to circumvent provisions of the decree.

Pronouncements by high government officials at home and abroad have also contradicted to a very large extent, the intent of the decree.[12] Bade Onimode has pointed out several

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[10]Ekukinam, "Opening Address," pp. 1-2.

[11]Editorial Comments, "Majority without Control," Business Times, 19 July 1977, p. 3; "Failure of Phase I," Business Times, 10 August 1976, p. 3; Akintunde Asalu, "People's Capitalism," Business Times, 22 February 1977, pp. 3&5.

[12]See statement by General Yakubu Gowon, quoted in Nigerian Capitalism, ed. Sayre P. Schatz (Los Angeles: University of California Press, 1977), p. 41; Joseph Garba, Africa Research Bulletin, July 15-Aug. 14, 1976, pp. 3973-3974.

contradictions in the Nigerian indigenisation policy. He argued that such pro-imperialist policies as the so-called "open door" policy on foreign investment, foreign trade links with capitalist countries, reliance on capitalist "aid," cultural subservience to imperialism, and the general choice of capitalist development strategy, in spite of its empirical disaster every where in the Third World are contradictory to the indigenisation decree. He went on:

> The indigenisation exercises were financed by the State's Bank for Commerce and Industry and the Nigerian Development Bank, as well as other public and imperialist banks. The ambivalence towards the imperialist bourgeoisie emerges clearly in these indigenisation programs, which in 1972 were to exclude, the imperialist monopoly firms in crucial sectors of the economy; these were half-heartedly implemented and even in 1976 consistently fell short of a total takeover of the major foreign enterprises. . . . Another ambivalence. . .involved the commitment to free inflow of foreign capital under fiscal incentives and the export of national surplus overseas.[13]

Indigenisation, a creature of the Second National Development Plan, was based on a strong and assertive expression of nationalism, it was a decision taken to free the country from dependence upon foreign investors. To quote a passage from the Second National Development Plan:

> Experience has shown through history, that political independence without economic independence is but an

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[13]Bade Onimode, "Class Struggle as a Reality of Nigerian Development," in Path to Nigeria, ed. Nnoli, p. 179.

> empty shell. . . . The interests of foreign private investors in the Nigerian economy cannot be expected to coincide at all times and in every respect with national aspirations. . .a truly independent nation cannot allow its objectives and priorities to be distorted or frustrated by manipulations of powerful foreign investors.[14]

There were fierce national yearnings for far greater "economic independence," but these were diluted by the continued and intensified internationalist or dependent tendency. Indigenisation constituted the means of increasing the Nigerian role in the private sector of the Nigerian economy, and despite it, foreign businesses were relied upon for the major share of private investment during the Third Plan period, and particularly for the more development-propelling investments.

Government Administration

Perhaps one of the most intractable problems of the indigenisation implementation is the one posed by inadequate organizational resources. This lack is reflected in the shortages of all levels of manpower, poor organizational coordination and the inability of organizational structures to adapt to the spirit of a given policy such as the indigenisation plan.

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[14] See Second National Development Plan, p. 289.

In Nigeria, there is a short-fall in the supply of trained and experienced manpower at management, professional and intermediate levels. This shortage of management staff which affects both the federal and state governments posed a great set back to plan implementation. As the economic and planning functions of the federal and state governments have substantially increased, the federal and state services required therefore the availability of more dedicated administrative "entrepreneurs" who are experts in combining development inputs in innovative ways, in order to translate the objectives contained in paper plans into concrete achievements. But there is a dearth of such innovative and dedicated administrative entrepreneurs in the Nigerian federal and state governments. The catalog of failures in various projects and programs that have to do with the nation's economic development attests to the fact that the problem of lack of dedication, experience and innovativeness is pervasive.[15] The permanent secretaries and other high ranking state and federal functionaries who constitute the bulk of "administrative entrepreneurs" by their training and experience lack the expertise and most importantly, the

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[15]Nigeria's major parastatals such as Nigerian Ports Authority, Nigerian Railways, Nigerian Airways, etc. are in one form or another managed by foreigners.

orientation which implementation and management of such technical projects as vehicle assembly plants, petro-chemical industries and liquefied gas call for. The problems are even compounded by such constraints as pressures on these functionaries by friends, relatives, ethnic affiliates and townspeople to disregard or sidetrack rules and regulations in order to extend to them favors such as employment and contracts.[16] Yielding to such pressures has a telling effect on the efficiency and effectiveness of government administration in any given situation.

The implementation of programs is further constrained by the fragmentation which exists in the internal structure of both federal and state civil services. The civil services are divided into various conflicting groups such as administrative, professional, intermediate and lower groups. There is further polarization into senior and junior civil servants. These internal divisions and conflicts inhibit co-ordination. They do not facilitate the role of the civil services as coherent organizations engaged in a cooperative national action in order to achieve societal objectives. Besides, the machinery charged with implementation is

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[16] See Africa Today, Vol. 24, No. 4, October-December, 1977, p. 31.

characterized by a high degree of centralization to the Federal Enterprises Promotion Board in Lagos. As a result, the processing of applications for the purpose of enterprises takes a considerable time given Nigerian attitude to work. Also, some of the ambiguities in the Decree have necessitated State Enterprises Promotion Committees to refer individual cases to Lagos. Tardiness in the state level to inform indigenous businessmen about opportunities has been a common phenomenon that one would attribute to poor administration.

The most threatening problem which can have adverse effect on government administration in the implementation of a given program is corruption. Unfortunately, corruption is a widespread malaise in Nigeria, to the extent that it is practiced virtually in all government institutions and by functionaries at every level. Even at the village level, it is commonly practiced, though with less of the sophistication of the city. For instance, a village farmer or fisherman may take a keg of palm-wine and some yam or fish to a local chief in order to influence him to decide a case in his favor. Even relatives of a very sick person will give "kola" to a doctor in order to get him to attend to their sick. An entire community may give "kola" in the form of a goat or cow to influence the location of a government project or institution in their area. Similarly a foreign business could give "dash" to keep officials from taking prompt and effective action to implement the decree. The dismissal of a large number of public officials for corruption (including state governors, head of federal and state ministries and departments, army officers, customs officers, police officers, etc.) in 1975 when General Murtala Muhammed took office, illustrate how the "disease" is endemic in the Nigerian society.[17] Incidence of corruption in government institutions leads to organizational goal displacement. In pursuit of private goals, public officials in public institutions form cliques and informal groups in order to maximize their benefits at the expense of the attainment of institutional goals. To a large extent, some of the problems of implementation of Nigeria's indigenisation program were caused by corruption which rendered government administrative machineries much less efficient and effective.

Indigenous Skills

The problems of unskilled labor in Africa as a whole

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[17] The dismissals by the Muhammed government were reported widely in both local and foreign newspapers: See for example, The Nigerian Sunday Times, Sept. 28, 1975, p. 1; and, also, the New York Times, Feb. 15, 1976, p. 1.

is so pervasive that it is not however peculiar to just one country. It is a problem that contributes to Africa's continued dependence and underdevelopment. Peter Kilby has concluded that a number of problems are commonly responsible for impeding the progress of industrialization in Africa. These include problems of labor recruitment, partial commitment to wage-earning, adverse effect of labor migration, impaired capacity as a result of excessive absenteeism, and barriers to the development of a skilled labor force as a result of labor instability.[18]

Besides those factors outlined above, African labor productivity is adversely affected partly because of managerial and supervisory deficiencies, and partly because of inexperience, illiteracy, language problems which hamper communication with fellow nationals of different ethnic groups, inter-tribal friction, debilitating diseases, etc.[19] High-level manpower constitutes a serious problem and skilled labor is in short supply because of deficiencies in

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[18] Peter Kilby, "African Labor Productivity Reconsidered," Economic Journal LXXI:282 (June 1961): 273-291.

[19] See West Africa, 8 March 1976, p. 322, and 26 January 1976, p. 122. Also see Yesufu "Employment, Manpower and Economic Development in Nigeria: Some Issues of the Moment," Nigerian Journal of Economic and Social Studies XVI:1 (March 1974):58.

training, education and the societal problems mentioned earlier on.[20] Supervisory and managerial personnel involve an even more serious problem. "With few exceptions among firms employing over twenty-five people, the inadequacy of Nigerian supervisory performance was reported by management to be their chief problem in the labor field."[21]

One of the greatest problems that faced the implementation exercise of the Nigerian indigenisation decree was the lack of skilled manpower, know-how, dedication and impersonality for the operation of the businesses to be indigenized. The sad nature of some of the problems is illustrated by the experience of an electronics firm in Lagos. Their production was interrupted by their production control supervisor who, after several quarrels with the foreman, petulantly withheld parts from the assembly line.[22] As for Nigerian managerial personnel, there is virtually universal testimony by businessmen, indigenous and foreign, as well as by scholars, that it is deficient in supply and

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[20] Yesufu, "Economic Development in Nigeria," p. 57.

[21] Peter Kilby, Industrialization in an Open Economy (Cambridge: Cambridge University Press, 1969), p. 224.

[22] Robert Waite, "Establishing an Electronics Industry in Nigeria," (MBA thesis, New York University, 1964), p. 104.

inadequate in quality.[23] Overseas sources of high-level personnel are often resorted to, and this has hampered the progress of the implementation of the indigenisation program.

<u>Access to Capital</u>

Indigenisation policy could presumably function as an instrument of economic growth as well as economic development--one which would allow Nigerians to share in their country's economic growth. If operated at its best, indigenisation could make it possible for the working class and others to be absorbed into the ownership class. But this has not been possible in Nigeria because of the highly pervasive rate of poverty, illiteracy, unskilled manpower and most of all corruption. These problems have made it extremely difficult, if not impossible for a preponderance of Nigerians to gain access to capital that would enable them to participate in the indigenisation exercise. This situation therefore make the process of implementation difficult in that because only a microscopic few could gain access to resources necessary to take over foreign

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[23] Wayne Nafziger, "Nigerian Entrepreneurship: A Study of Indigenous Businessmen in the Footwear Industry" (Ph.D. dissertation, University of Illinois, 1967), pp. 149-150.

enterprises, indigenisation became a less meaningful redistributive tool of economic opportunities in the country. Rather it replaced foreign monopolists with a new class of domestic imperialists made up of the ruling group and its petty bourgeois allies in government, private sector, corporations, armed forces, the police and universities.

It has been argued that indigenisation was a class thing since it virtually excluded the majority of the Nigerian population, and since the government refused to socialize or undertake the purchase of foreign enterprises on behalf of the generality of the population.[24] Given that the government included the majority of the Nigerian population or purchased foreign enterprises on behalf of the total population, the problem of redistribution would still be very great. If on the other hand, after purchasing the enterprises, the government succeeded in redistributing them among the general population, a great majority of recipients would not have the know-how and other resources to manage and maintain a given business. Even the bourgeois groups who benefitted from the indigenisation program did not

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[24] R. H. Green, "Political Independence and the National Economy," in African Perspective, eds. C. Allen and R. W. Johnson (Cambridge University Press, 1970), pp. 306-307.

present a success story as Table 2 shows. The share of ex-pariates in total share-capital, as shown in the table, tells the story of how the indigenisation program failed to

Table 2

SOURCES OF SHARE CAPITAL IN NIGERIAN REGISTERED BUSINESS ENTERPRISES 1962-1972

Share Value (British Pound)	Number			Percentage		
	Nigerian	Expatriate	Total	Nigerian	Expatriate	Total
1	146	113	259	56.4	43.6	100
1 - 1,000	267	418	683	39.0	61.1	100
1,001 - 5,000	182	193	375	48.5	51.5	100
5,001 - 10,000	62	124	186	33.3	66.7	100
10,001 - 20,000	46	82	128	35.9	64.1	100
20,001 - 50,000	47	128	175	27.9	73.2	100
50,001 - 100,000	28	80	108	25.9	74.1	100
Above 100,000	43	120	168	26.4	73.6	100
Total	821	1,258	2,079	39.5	60.4	100

Source: O. Teriba, et al, "Some Aspects of Ownership and Control Structure of Business Enterprise in a Developing Economy: The Nigerian Case," Nigerian Journal of Economic and Social Studies 14:1 (1972).

The shares of expatriates and Nigerians in total share-capital in Table 2 show that the larger the capital investment, the greater the foreign share, which varies between 51 and 74 percent for shares over 1,000 pounds.

achieve its desired goal given the resources or (lack of resources) available to the great majority of Nigerians to acquire shares. As a result Nigerians participated more in areas of less capital investments. The bigger and more lucrative the area of capital investment, the greater foreign shares.

The Politics of Indigenisation

One of the many problems that impeded the implementation process of the Nigerian Indigenisation Decree was the politics it generated. The implementation exercise gave rise to the articulation of conflicts among various levels and sections of Nigerian society. As Green points out:

> It seems abundantly clear that neither laissez-faire nor ad hoc 'pragmatic' intervention in the support of private enterprise will lead very far toward the attainment of economic independence. . . .Ad hoc interventionism on a case by case basis is likely to be inefficient and often inconsistent. It opens up a plethora of avenues for individual interest groups to distort resource allocation to their particular benefit, and for the inculcation of widespread corruption to a degree that leads to massive resources misallocation.[25]

The conflict of interests that had been articulated in the course of the indigenisation exercise has also sectional and geographical base. Political rivalry between states became

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[25] Eteng, "Indigenisation for Lumper-Bourgeois," p. 224.

a factor for indigenisation program to reckon with. Indigenisation rekindled the fire of the fear of political and economic dominance by one state over another. There was also the old politics of North-South polarization and a renewed fear by the Northern states of Southern industrial and commercial "imperialism." These fears culminated in some state governments buying up shares or acquiring businesses to block the chances of "outsiders" filling any vacuum that otherwise would have been created by the inability of state origins to acquire businesses.

One of the expressed goals of development plans in Nigeria was the creation of a just and egalitarian society. But the implementation of the indigenisation policy did not fulfill that objective, rather it aggravated class politics. Eteng has this to say:

> . . .It is an historical and holistic fallacy to assume that indigenisation as an economic program has no social and political implications, even when its consequences for entrenching class distinctions are relatively obvious. After all, the assumption of political authority by the Nigerian petty bourgeoisie. . .rather than eliminating social equalities and their attendant class antagonisms, has intensified these tendencies. . .[26]

The elite class in the public and private services has always tended to defend its class interests against all

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[26] Ibid.

others, by forming associations and making or influencing government policies through which it can successfully maintain the status quo. The elite class take decisions affecting the lives of the majority of the people without their consent (in most instances), because the masses of the people are illiterate, poor and therefore powerless.

Nigeria's development continues within an ethnic/elite framework. This framework is reinforced by biased employment which is operated by both the public and private sectors of the economy. This development has left a large gap between the few who are able to possess the means of advancing themselves through their ethnic ties, education, occupation, political power and wealth; and the many who are not able to employ those stepping stones for their benefit. The experience of Nigeria in the First Republic in particular, and most recently of the politics and conflicts of interests that the indigenisation exercise generated, confirms that ethnicity is used as an instrument of unequal political and socio-economic development in the country. Because the Nigerian society is made up of several ethnic groups, each of the major groups ban together to advance its own interests. The other groups who lack economic and political power relative to those of the major groups face unequal treatment, supression and oppression in all national activities. Because ethnicity is so dominant and emphasized, the Nigerian elite class itself is therefore not homogeneous. Ethnicity hence becomes a much more serious problem than class in the Nigerian society. It is a formidable phenomenon which prevents an equitable and just distribution of opportunities in Nigeria, thereby promoting and encouraging the politics of "survival of the fittest."

Instability

One last but very outstanding problem that faces Third World countries in the implementation of their policies is instability. Disorganization, dislocation, breakdown, regression, coups, countercoups, border conflicts, civil wars--words such as these constitute the vocabulary of Third World politics. Eisenstadt has maintained that the major problem facing developing nations is the necessity to develop an institutional structure capable of preventing instability.[27] Rivkin argues that "the endemic political instability, the widespread economic stagnation, and epidemic in military coups d'etat. . .are direct manifestations of African

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[27]Samuel Eisenstadt, Modernization: Protest and Change (Englewood Cliffs, N.J.: Prentice-Hall, 1966), p. v.

institutional problem."[28]

Most of the problems encountered by African countries in the implementation of their policy programs could be as a result of unstable systems. A nation that has experienced series of coups, rebellions, civil wars, racial conflagration, riots, etc., would find it difficult to carry out its economic programs successfully.

Between 1960 and 1980 (the period covered in this study), Nigeria experienced most of the conditions mentioned above. There were coups, countercoups, coup attempts, border conflicts between neighboring states and/or between ethnic groups, etc. Whenever there was a successful coup, there was a change of government; and a change of government more often than not affected implementation processes of already adopted policies.

The indigenisation decree itself was promulgated shortly after Nigeria had just ended a civil war, and the process of rehabilitation, reconciliation and reconstruction was still a problem to reckon with. This type of situation adversely affected efficient and effective implementation of the program. The changes of governments within the period

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[28] Arnold Rivkin, ed., Nations by Design (Garden City, N.Y.: Doubleday, Anchor Books, 1968), pp. xii-xiii.

were particularly disruptive to implementation exercise of the indigenisation program in that many officials because of the violence that accompanied such changes either fled the country, were killed, or fired by the new government. For example, the Mohammed regime fired several government functionaries across the country on assumption of office. Many who were involved in the indigenisation implementation process were affected.

Conclusion

This chapter has sought to demonstrate four major points. These are: (1) the problems encountered in the process of implementation of indigenisation because of contradictions present in the policy; (2) the importance of the role of government administration and how its ill-equipped, ill-manned establishments impact adversely the implementation exercise; (3) lack of adequate manpower and skills plus inaccessibility to capital that pose serious problems to successful implementation; and (4) the promulgation of the decree itself that gave birth to conflicts of interests among various sections of the Nigerian society, and between levels of governments.

It was indicated that the four factors played a crucially adverse role in the course of the implementation of the indigenisation policy. Most significantly, it was argued that the problems of implementation were exacerbated largely by the absence of a large indigenous entrepreneurial class capable of undertaking a serious and patriotic economic transformation of the Nigerian society. And that besides, many indigenous entrepreneurs suffer from lack of capital or capital shortage (especially "working" capital) and this affect their performance adversely. It was also argued that ethnicity was an impeding factor in the implementation process.

This chapter has also given a brief outline of the socio-economic and political backdrop of indigenisation. The Nigerian political economy is characterized by extreme dependence on mineral exports, the tremendous role of state capitalism in economic production and distribution, great social and economic inequalities. Indigenisation, it was argued has not made any pronounced dent on these features. Instead, they seem to have become accentuated in recent years.

The next chapter will outline measures as established by the decree for the implementation process. It will then look at such sectors of the economy as agriculture, manufacturing, petroleum, trade and service industries with reference to the problems of implementation.

CHAPTER VI

MEASURES FOR IMPLEMENTATION OF THE NIGERIAN ENTERPRISES PROMOTION DECREE

In its broadest sense, the term "implementation measures" is used here in reference to all the steps taken with the intention of reducing or barring foreign participation in the country's economic activities. It include also, the instruments of implementation discussed in chapter four. In a narrower sense, "implementation measures" means just those measures or provisions in the decree that specify guidelines for the implementation process.

The 1977 Decree amended the earlier (1972) Decree, and so its provisions imply an important revision of the latter. For example, while the 1977 contained three schedules of businesses with 100, 60, and 40 percent Nigerian ownership, the 1972 decree had only two schedules with 100 and 40 percent Nigerian ownership. Discussion on implementation in the rest of the chapter will be based on the 1977 Decree.

Sales and Transfers

The decree provided that no enterprise which was being operated by aliens "shall be sold or in any manner transfered to Nigerian citizens or associations unless the terms and other conditions of and pertaining to the sale or transfer have been approved by the Enterprises Promotion Board."[1] It also specified that no foreign business could sell or in any way transfer shares to Nigerian citizens unless the approval of the Capital Issues Commission has been obtained. It went on to specify that in the event of any sale or transfer of enterprises or shares without the appropriate approval, such sale or transfer "shall be void and shall be of no effect."[2]

General Guidelines

The decree established the following guidelines for the Board and other bodies created for the implementation and administration of the indigenisation process:[3]

1. Beneficial ownership of the enterprises affected by the decree shall be as widespread as the

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[1]Decree 1977, Section 7, A22.

[2]Ibid., Section 10, A23.

[3]Ibid., Section 11, A23.

circumstances of each case would justify, and deliberate efforts must be made to prevent the concentration of ownership in a few hands.

2. Except in the case of owner-managers, no enterprise should be sold or transfered to a single individual and in no case is a single individual to be allowed to have control of more than one enterprise.

3. No person holding more than five percent of the equity of an enterprise should be alloted further portion of the equity in that enterprise.

4. Consideration in a form acceptable to the Board or the Commission should pass from the transferee to the transferor or from the seller to the buyer in the case of transfer or sale of enterprises or shares.

Offenses and Penalties

The decree also specified the following as offenses and penalties:[4]

1. Any alien who continued to be the owner or part owner of any enterprise in contravention of the

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[4] Ibid., Section 18, A26.

decree shall be deemed to have committed an offense and thus would be lawful for the Board to take over, sell or otherwise dispose of the enterprise, and distribute the proceeds to the proprietors or shareholders accordingly, or the Board may dispose of it in any such manner that it deemed necessary.

2. Any person who acts as a front, or operates any business for or on behalf of any alien who is not permitted to operate the enterprise; disqualified from operating; and/or not permitted to own wholly or partly such enterprise shall be guilty of an offense and shall be liable upon conviction to a fine of N15,000 or imprisonment for 5 years or both.

The decree made it unlawful for "any Nigerian citizen or association to employ, whether on full time or part time, any alien for the operation of any enterprise previously owned wholly or partly by that alien which the alien has disposed of, except with the prior approval of the Federal Commissioner for Internal Affairs. . ."[5]

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[5] Ibid., Section 17, Subsection 2, A26.

So far we have briefly gone through some of the guidelines the decree set out for all the agencies and/or persons charged with the implementation of the indigenisation policy. But before discussing the measures, a brief survey of some of the important sectors of the Nigerian economy will be made to determine the impact they had on indigenisation and its implementation. Lastly, we analyze implementation procedures and actions vis-a-vis the measures or guidelines with reference to political significance, private/public acquisition of business, types of businesses acquired, and categories of recipients.

Agriculture

At the time of independence in 1960, Nigeria's GDP was estimated at N2493.4 million, with a bulk of 64 percent from agriculture, forestry and fishing. Other areas of economic activities contributed the remaining 36 percent. These were from mining and quarrying, manufacturing, craft, etc., which means about two thirds of Nigeria's Gross Domestic Product were derived from agricultural related activities.

By the turn of the decade, Nigeria had witnessed a dramatic fall in its domestic product from agriculture. Around the middle of the 1970s, agriculture generated only about 22.6 percent of the total GDP, while mining activities and quarrying contributed about 44.6 percent (see table 2). Agriculture though uses most of the country's work-force, produces less than one-fourth of the national income. Traditional agricultural exports have been mainly groundnuts (peanuts), cocoa palm kernels, palm oil, cotton and rubber. But exports of most of these have fallen considerably. Groundnut exports dropped from 200,000 tons in 1973 to almost zero. Palm kernels also plummeted from 242,000 tons in 1971 to 137,000 tons in 1973. As for palm oil and cotton exports, by 1974 they had disappeared. Rubber export also fell dramatically from the height of 50,000 tons to 39,000 in 1976.[6]

In the late 1960's Nigeria had about 11 million heads of cattle, 25 million sheep, 21.5 million goats, 66 million chickens and 300,000 pigs.[7] Today the country imports meat and various items of food for local consumption because its agriculture has barely expanded beyond the 1960

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[6]"Nigeria: Africa's Economic Giant," Business International (January 1979): 23.

[7]Tims Wouter, World Bank Country Economic Report: Options for Long-Term Development--Nigeria (Baltimore: Johns Hopkins University Press, 1974), p. 128.

level.[8] While the population of Nigeria has almost doubled since the 1960's (55 million in 1963 to 80 million),[9] agriculture has not developed at the same pace, thereby making the country depend to a large extent on imported food.

Some of the contributory factors to the persistently sluggish and almost static state of growth in agriculture have been drought in the Northern states where most of the grains in the country are produced, and the fact that agriculture is left almost entirely to be developed by peasant farmers with very little or no state assistance. A few plantations of mainly export crops, such as cocoa, palm kernels, palm oils, rubber, etc. were originally established by foreign trading companies, government and a very few indigenous private businesses.[10]

Manufacturing

Nigeria's manufacturing enterprise is still in an early stage of development. However, its impact is felt in the economy, even though it accounts for a very small

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[8] The Deutsche Bank, "The Financial Report on Nigeria, 1975."

[9] Federal Office of Statistics, Agricultural Sample Survey Bulletins, Nos. 4 and 5, and Rural Economic Survey, Lagos, 1973.

[10] Central Bank Monthly Report, 1977.

percentage of the overall economy as compared to light industries and consumer goods (see table 2). The table also reveals pronounced changes in the relative importance of different industries since 1972. Though beer and textiles head the list, soaps and detergents and soft drinks also hold important shares. In the other sectors, auto assembly and pharmaceuticals reveal a fast growth trend. The rise in ownership of both private and commercial vehicles attest to the trend. For instance, according to the Central Bank Report, the total number of vehicles rose by 58 percent in 1977.[11] Since the objective was to sell as many locally assembled vehicles as possible, the government took steps to protect the auto industry from foreign competition by restricting importation. But Nigerians taste for imported goods, coupled with the unfortunate poor quality of the locally assembled vehicles made the measures less effective. Rather, the measures precipitated an unprecedented wave of smuggling and corruption (especially in the Customs and Excise Department). As the "smuggling industry" thrived on non-payment of customs duties, the government suffered from loss of income. As one writer put it:

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[11]Josef Omorotionwan, "Over-indigenisation and Its Problems" Daily Times, Saturday, 16 January 1982, p. 2.

> Any time you ban the importation of any commodity which the people desire, you succeed in securing a kind of monopoly profit for the entrepreneur who is willing to break the law. In fact all the smuggler is told is, we shall create a barrier to entry into this line of trade by making it illegal, and therefore, very risky. As long as you are ready to bear the risk, you will be protected from the competition of those who are not willing to do so, but don't get caught.[12]

In the Nigerian scene, getting caught does not make much difference to the "smuggler—entrepreneurs," who are highly revered among high government officials.

Besides the problems of smuggling, corruption and poor performance of local producers, the manufacturing industry per se still has a long way to go. Manufacturing still only represented 8 percent of the GDP which compared unfavorably with many developing countries whose manufacturing sectors stood at between 15 and 20 percent. Nigeria has virtually no engineering industry and few of the sub-sectors that go with such an industry. The sector is dominated by assembly activities while its import content is high. There are a number of constraints upon this sector, namely, inadequate infra-structure, shortage of industrial manpower.

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[12] Babatunde Thomas, Capital Accumulation and Technology Transfer (New York: Praeger, 1975), p. 4.

The improvement of the infrastructure is vital to the development of heavy industry. Because of shortage of industrial manpower, the government has despite indigenisation sought to attract foreign investors and expertise to help establish manufacturing industries for local consumption and export.

The manufacturing industry has remained remarkably small so far because industrialization has consisted of topping up and finishing products that have substantially been made elsewhere. Foreign private investment "remains the life-line of the Nigerian manufacturing industries..."[13] One other problem in the manufacturing sector is that it is "still largely characterized by high-tariff, high-cost industrial structure dominated by a few consumer goods, geographical concentration in few cities, low technology and low labor absorption."[14] Although demands for most manufactured goods are not met by local production, and there are serious shortage of most basic commodities, there are import restrictions due to government attempts to conserve

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[13]Oyeleye Oyediran, Nigerian Government and Politics Under Military Rule (New York: St. Martin's Press, 1979), p. 58.

[14]"Nigeria," Business International, p. 38.

foreign exchange. Some imports have been absolutely prohibited such as beer bottles and all cars above 2,500 cc engine capacity. Others such as carpets, furniture, canned beer, soft drinks and passenger cars of 2,000--2,500 cc engine capacity can only be imported under license. And cars within this range will attract a 150 percent duty.

Other internal measures such as the indigenisation exercise and other curbs on foreign businesses have discouraged long-term new investment in the manufacturing plants or the expansion of existing ones. Inflation has also taken its toll in the economy. Foreign investments tend therefore to continue to concentrate in lucrative areas of activities. Manufactured items tend more and more to correspond closely with the items of similar goods imported. They appear to be mainly manufactured overseas and merely assembled in Nigeria. There are however few exceptions in which the raw materials are manufactured locally, namely, rubber, tobacco, food, drinks, etc. The largest manufacturing items are food, drinks and tobacco. These have maintained about 30 percent share of the Nigerian market for several years. Textile manufacture expanded in the early 1960's to the 1970's, with tax incentives and import duty relief on imported yarn until it commanded 16 percent of the sector. Other fast growing areas are clothing and footwear, paper products and metal goods.

Nigeria's industries are located in a few principal towns and cities. Growth has therefore not spread beyond the urban centers.

Petroleum

Oil drilling in Nigeria could be traced as far back as 1937. However, it was not until in the 1960's that the oil wealth of Nigeria started to attract world attention. By the early part of the 1970's, many more oil prospecting companies had entered the oil business in Nigeria. To appreciate the rapid development of the oil industry in Nigeria, one only need to look at the following statistics: In 1964, Nigeria produced 43.9 million barrels and realized N64 million from the sale of 43.4 million barrels. In 1973, the production increased more than ten times to 750.6 million barrels. Out of this, 752.1 million barrels were exported for N1,841.7 million. By 1976, with out-put running at over two million barrels per day, oil revenue rose to N7.9 billion, accounting for 45 percent of the GDP.[15]

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[15] _Digest of Statistics and Statement of Accounts_, Vol. 21 (Lagos: Federal Office of Statistics, 1976).

The federal government oil revenue in 1964 was N24.4 million and N3,792.4 million in 1976.[16] Contributions from oil to the GNP rose to N5,350 million in 1977.[17] The federal government total revenue during the period was N6,765.9 million and N6,440.3 million or about 95 percent came from oil. The income from oil facilitated increasing public expenditure on infrastructural and social investment: roads, ports, communication, education and health. The oil revenue also largely contributed to the quick recovery from the civil war of 1967 to 1970.

The oil industry has led to the development of such oil-related enterprises like gas, plastics, fertilizers, etc. It remains still in large part as an oil extracting industry. However, the industry spurred the federal government into taking such initiatives that led to the establishment of the refinery at Port Harcourt, and subsequently, two more at Warri and Kaduna. Oil revenue was also responsible for the federal government's bold venture as the establishment of the iron and steel mill at Ughelli and many other projects.

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[16] Central Bank of Nigeria, "Annual Report and Statement of Accounts," Lagos, 1975.

[17] Federal Office of Statistics, "Annual Abstract of Statistics," Lagos, 1977, p. 77.

Some of these projects have been completed, while others are in advanced planning or construction stages. A liquified petroleum and gas plant at Bonny is one of the important projects yet to take off. The oil income also stimulated rapid expansion of imports of consumer goods. There was not much increase or improvement in employment opportunities as a result of the booming oil industry. The reason being that the industry is capital and technology intensive.

Trade

Nigeria's trade has developed under what one would call the mercantilist principles. Trade is expected to promote economic growth directly. Most of the profits from trade are supposed to be used for further expansion and economic development generally. Similarly, a favorable balance in trade, is supposed to create a reserve of foreign exchange with which a country can increase its productive investments and its standard of living, or it can temporarily increase its standard of living by the purchase of more imports of consumer goods. It is considered also as a means of increasing productive potentials, in the long run, through investment in infrastructural development.

Following these principles, the tremendous increase in oil production and revenue raised Nigeria's capacity for public and private investment considerably during the period under study. The evidence is in the growth of the import and export trade. In the early 1960's, Nigeria's total export was N420.9 million, made up primarily of 75 percent agricultural produce. Mineral export was only about 16 percent. Mineral exports however rose from N67.4 million in 1964 to N6,709.8 million in 1976-77.[18] In 1979-80 oil alone accounted for N7.9 billion.[19] All non-oil sector trading recorded a deficit of N4,613.4 million. The sector alone recorded a surplus of N6,183.5 million.[20] Crude oil accounted for more than N6,281.1 million while non-oil exports accounted for only N428 million. Imports in 1964 were N507.7 million and in 1976-77 they were N5,042.1 million.[21] The increase in oil revenue made it easy and possible for Nigeria to increase its import bill and still have a favorable balance trade. Agricultural exports fell in quantity while imports of agricultural commodities increased rapidly during the period, although Nigeria is predominantly an agricultural country with about 80 percent of its people

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[18] "Nigeria," <u>Business International</u>, p. 33.

[19] Central Bank, Annual Report, 1980.

[20] Federal Office, Abstract of Statistics, 1977.

[21] Central Bank, Annual Report, 1975, p. 60.

engaged in agriculture.[22]

Service Industries

Nigeria's services sector is fairly developed as compared to those of most African countries. Of the various service industries, distribution accounts for 6.9 percent of the GDP, transportation and communication for another 2.4 percent. Other services like government, education and health together provide for 10.6 percent of the Gross Domestic Product (see table 3).

Banking is very important and crucial to any economy, and Nigeria's banking system, though still developing, is making some good progress. The central Bank heads a three-tiered banking structure. Of the various commercial banks, including Barclays and Standards with branches all across the country, indigenes can boast of a substantial number. There are also some merchant banks, government owned banks and a post office savings bank.

The insurance system is another crucial area in the services industry. There are many companies doing insurance business in the country. These include such big names of

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[22]Economic Commission for Africa, Statistical Yearbook Demographic and Social Statistics (New York, 1970), pp. 4-5.

Table 3

STRUCTURE OF THE NIGERIAN ECONOMY 1976

Origin of Goods and Services Domestic	N billion	Percentage of GNP
Mining and Guarrying	6.89	44.6
Agriculture	3.49	22.6
Distribution	1.07	6.9
Government	1.04	6.7
Construction	0.94	6.1
Manufacturing	0.75	4.9
Education	0.45	2.9
Transportation and Communication	0.37	2.4
Other Services	0.23	1.5
Health	0.15	1.0
Electricity and Water	0.06	0.4
Total GDP	15.44	100.0
Imports	4.98	
Total Goods and Services	20.42	
Allocation of Goods and Services	**N billion**	**Percentage of Total Allocation**
Private Consumption	8.09	39.6
Public Consumption	2.08	10.2
Gross Fixed Capital Formation	4.80	23.5
Exports	5.45	26.7
Total Allocation	20.42	100.0

Source: Business International Corporation, January, 1979.

the insurance world as C. T. Bowring, British American, Legal and General, Norwich Union, Royal Exchange, etc.

Transport businesses are fairly numerous. There are, however, very few printers and publishers, but there are a great many agents, wholesalers, general merchants, forwarding, clearing and warehouse operations. Of the few supermarket-store companies, Kingsway and Leventis operate nationwide. Advertising agencies and contractors are fairly numerous. Building and civil-engineering contractors are among the most crucial organizations in this sector. Here, again, there are many international names such as Taylor Woodrow and Costain.

There is in Nigeria, as it is elsewhere in Africa, the great emphasis on placing the economy firmly in the hands of indigenous citizens. Yet, the extent to which this is done has varied enormously from one area of economy to another, and one area of sensitivity to another.

In our brief survey of some of the sectors of the Nigerian economy, we saw that these sectors are still directly or indirectly controlled by foreigners. Most of the enterprises allow for convenient quota systems to allow expatriate expertise and investment. To this end, a business may bring in a high proportion (relative to its total workforce) of expatriates. Thus, indigenisation in theory is often passed over in practice. Despite "indigenisation," the government wants to attract foreign investors and technology to help "develop" the economy.

Of utmost importance is perhaps the realm of industry where far too many decisions are made and taken by expatriates. Such decisions are more likely than not to be neo-colonial in form and shape. Thus, Oni and Onimode point out that:

> Imperialists now essentially make most decisions about what lines of industry to develop, the pricing of industrial output as well as the overall direction of industrial growth. As a result of all these, industrial surplus gets appropriated by imperialists for overseas development. Fraudulent indigenisation is no solution to this neo-colonial domination.[23]

Indigenisation therefore, as sarcastically put by observers, only succeeded in entrenching Nigerians "to take over the sale of gari, palm oil, akara loaves, tuwo and other specialized jobs that require primitive brawn and native intelligence."[24]

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[23]Ola Oni and Bade Onimode, Economic Development of Nigeria: The Socialist Alternative (Ibadan: Nigerian Academy of Arts, Science and Technology, 1975), p. 174.

[24]Sunday Times, 3 August 1975, p. 5.

Implementation Measures

In order to understand the administrative and political problems associated with the implementation measures, it is useful to examine the nature of the Nigerian administrative process, and the principal features of the Nigerian administration.

The authoritarianism of the military regimes, administrative ineptitude, and the generalized quest for rapid self enrichment at all levels of Nigerian society combined to create an atmosphere of administrative corruption and arbitrariness that reminds one of what Fred Riggs calls "prismatic" administration.[25] Riggs attributes the rise of "primatic" administration to the cultural clash between modernity and tradition. In the case of Nigeria, the main causes of this administrative phenomenon are to be found in the heterogenous nature of the Nigerian society where each group strives to maintain its cultural tradition alongside the efforts toward "modernization."

According to Riggs, another characteristic of prismatic administration, include ambiguity of laws, regulations

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[25]Fred W. Riggs, Administration in Developing Countries (Boston: Houghton-Mifflin Co., 1964), p. 4.

and rules and their corresponding enforcement. He calls this characteristic "double-talk." A further definition of prismatic administration can be extracted from Ntalaja Nzongola's study of the Zairian City of Kananga. In this study Nzongola found that many of the economic regulatory functions of the city administration were either not performed at all or only partially performed. Among the reasons for this "inefficiency" he points out, was the pressure from the higher authorities applied on the city officials "to spare their relatives and clients from the established procedures and regulations."[26] He found that the collection of license fees and taxes from businessmen, for instance, offered very good opportunities for city officials to enrich themselves. He writes:

> The interaction between collectors and traders resulted in a mutually-advantageous relationship by which partial tax evasion by the latter was made possible, while the former obtained the revenues needed to meet their superiors' goal of keeping the administrative machinery running and to satisfy some of their own private needs.[27]

Nigerian government officials, in federal, state or local levels are no less "prismatic" in the exercise of their

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[26]Ntalaja Nzongola, "Urban Administration in Zaire: A Study of Kananga 1971-73" (Ph.D. dissertation, University of Wisconsin, Madison, 1975), p. 67.

[27]Ibid.

duties than the officials of the city of Kananga. Studies of the implementation measures of the Nigerian Indigenisation Decree have revealed the "Kananga" pattern. Guy Arnold found that:

> A good number of secret business deals were translated. There exists the subsequent belief in Nigeria that a new class of nouveaux riches may have been created by the process of indigenisation: top Nigerian executives in the expatriate companies bought in secret; not having to pay immediately; or close associates of the foreign businessmen did so, while some aliens remained undisclosed directors of the new companies. In some cases the state governments bought shares when companies went public; few Nigerians became share-holders as the companies changed hands.[28]

Okwudiba Nnoli's "A Short History of Nigerian Underdevelopment" is also revealing. According to Nnoli:

> An increasingly important method of acquiring vested interests and wealth in the economy has been the comprador elements' practice of inviting and joining foreign firms as junior partners, field representatives, or high executives. In this way they join the foreigners in their exploitation of national resources. Such practices reached their most perfidious extremes in the cement scandal of 1974-75, when Nigerian businessmen colluded with foreigners to exploit the port congestion for the purposes of defrauding the country of large sums of money. But on a much lesser scale, through the receipt of commissions and the acceptance of positions in foreign firms, Nigerian compradors are carrying on the same practice legitimately.[29]

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[28]Guy Arnold, Modern Nigeria (London: Longman Group Ltd., 1977), p. 88.

[29]Okwudiba Nnoli, "A Short History of Nigerian Underdevelopment," in Path to Nigerian Development (Dakar, Senegal: Cordesria B.P., 1981), p. 130.

Other studies of the regulations and laws regarding the decree, various articles and observations on the indigenisation exervise reveal contradictions and ambiguities which accompanied the implementation measures.[30] Despite indigenisation, Nigeria is very keen to attract foreign investors into the country. Besides, in some fields, Nigerians have almost virtually left foreigners carte blanche right to operate. For example, the Bight of Benin (formerly Bight of Biafra) is one of the richest fishing areas in the world, swarming with Russians, Japanese, Norwegians and many other foreign fishing vessels and factory ships. Nigerians do very little or no business at all in this lucrative area.

Political Significance

Two major issues of political significance concerning the implementation of the indigenisation measures need discussion. The first involved deciding between private and public acquisition of the foreign businesses. This question was significant because the more enterprises taken over by the government, the fewer there would be for the private

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[30]S. A. Akinsanya, "Egalitarianism and the Sale of Shares," Business Times, 8 March 1977, p. 7; Editorial Comment, "Majority Without Control," Business Times, 19 July 1977, p. 3; Akintunde Asalu, "People's Capitalism," Business Times, 22 February 1977, p. 325; Taju Danmole, "New Scramble for Alien Enterprises," Business Times, 10 August 1977, p. 16.

applicants for the takeover of these businesses. Moreover, from the point of view of the general public, the more businesses the state acquired, the better the public good would be seen (rightly or wrongly) to be served. In contrast, the more businesses that went to private hands, the more the whole exercise was seen to have carried out in the interests of the few at the expense of the majority.

The government's insensitivity to the dangers of concentrating wealth in the hands of a few Nigerians resulting from the indigenisation exercise was reflected in the manner in which the Nigerian Enterprises Promotion Board dismissed the program's anti-egalitarian issue. First, the Board regarded wealth concentration at the expense of the masses as purely social rather than an economic question, thereby implying that both are only incidently related, with the social question assuming tangential importance. Second, it argued that although the problem of concentration of wealth is a legitimate one, it was the Board's task to ensure the smooth takeover of businesses by Nigerians, no matter their state of origin or their numerical strength. Finally, it argued that if inegalitarian share ownership eventually carried the potential for dangerous class conflict, this danger would ultimately dissipate as Nigeria became increasingly industrialized and the scope and size of businesses grew beyond the competence and capability of the family clan.[31]

The second question which had more relevance to the applicants for the acquisition of foreign businesses concerned the determination and application of appropriate criteria for the distribution of businesses. Was objective criteria set? Were they strictly applied? The answer to these questions are important to the success of the indigenisation and its implementation measures, and hence the political consequences of the whole exercise.

Private Versus Public Acquisition of Businesses

The commercial sector, as outlined in the Decree,[32] posed no special problems with regard to the form of acquisition. It was understood right from the beginning that these businesses were to be acquired by individual or collective entrepreneurs. However, the sector of the economy which was considered crucial and sensitive and which

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[31] V. I. Bello, Proceedings of the November, 1974, Symposium Organized by the Nigerian Economic Society on the subject, "Indigenisation: What Have We Achieved?" p. 16.

[32] See Indigenisation Decree, Section 11, and Schedules 1 and 2, 1977.

objective indigenous entrepreneurial activity was not accorded high priority,[33] posed a number of problems with important political implications.

For one thing, many of the equity shares made available to Nigerians were not acquired by private individuals but by various state governments. For example, over 60 percent of the shares offered by the United Africa Company were purchased by state governments.[34] Several state governments are involved in such other businesses as supermarkets, boat building, distribution, servicing of motor vehicles, road haulage, inter-city transport, etc. One was thus left wondering what objectives the various governments were trying to achieve by acquiring shares in private companies. It appeared such government activities worked against the objective of encouraging private indigenous investment.

The promise of the Indigenisation Decree in encouraging private indigenous investment was also lessened by the manner in which share capital offered publicly was distributed.

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[33] Ibid., Section 6, and Schedule 3.

[34] Olu Okinkugbe, Proceedings of the 1974 Symposium, p. 41.

> Thus in two areas of crucial importance in developing a strong indigenous private sector; the creation of sophisticated entrepreneurial opportunities for Nigerians and the encouragement of indigenous private investment, the Nigerian Enterprises Promotion Decree exercise fell short of achieving its full promise. I would like to suggest there are two major reasons for the Decree's shortcomings. First, in my opinion there was either confusion or indifference at the highest levels of government regarding the specific objective the Decree should seek to achieve. Secondly, the Decree's provisions were established and the Decree itself implemented by the government with the virtual absence of meaningful dialogue with representatives of the private sector. This excessive isolation of the decision making process is most alarming. Not only was the voice of the private sector largely ignored, but the advice or counsel of various State Committees of the N.E.P.D. was often unheeded and in numerous instances these committees were bypassed altogether in the decision process.[35]

In brief, it is clear that no consistent guidelines were established for deciding which businesses were to be taken over by the state or parastatal bodies and which businesses were to be acquired by private citizens. Since they stood to gain, administrators, political leaders (military or civilian) reacted to this ambiguous situation by simply interpreting government policy in ways that were most benefitial to themselves and their cronies.

In order to find out the types of businesses involved in the indigenisation exercise, and the kind of

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[35]Ibid., p. 42.

people who acquired shares, a sample of businesses and recipients in Lagos was analyzed. The city of Lagos and its surburbs constitute the single largest concentration of enterprises in Nigeria. Besides, Lagos is the capital of the federation of Nigeria. It is therefore the political and economic center of the country, hence Lagos constitutes a representative sample of the types of businesses in the country that were involved in the indigenisation program.

Types of Businesses

The businesses on the list of our Lagos sample have been divided into manufacturing, commercial and service enterprises. Table 4 gives the break-down of the businesses.

Table 4

TYPES OF BUSINESSES IN LAGOS CASE

Activities	Number	Shares	Percentage
Manufacturing	516	608,831,000	54.2
Commercial	292	124,987,000	33.3
Services Industries	120	115,233,000	12.5
Total	928	849,051,000	100.0

Source: Federal Office of Statistics, Annual Abstracts of Statistics (Lagos), Third National Development Plan, 1975, p. 80.

The largest number, 516 (54.1 percent), was manufacturing industries. These include bottling of soft drinks, canning and preserving of fruits and vegetables, construction, bicycle manufacturing, manufacture of food products like yeast, starch, baking powder, coffee roasting, etc.; manufacture of plastic products such as dinnerware, tableware, kitchenware, bottles, plastic tubes, etc. The next largest group of businesses was commercial, 292 (33.3 percent). The third category of businesses taken over in our Lagos cample was services industry, 120 (12.5 percent). These include banking, transport, clearing and forwarding, rental and leasing, distribution and servicing, insurance, etc.

Categories of Recipients

Five basic categories of recipients of businesses were as follows: (1) military officers, (2) politicians, (3) businessmen, (4) civil servants, and (5) residual category of "others."

Military officers are defined as all those who were serving members of any of the branches of the Nigerian Armed Forces (Army, Navy, Air Force) and the Police. This category included all military persons who held political/administrative posts, such as governors, federal ministers, members of boards, etc.

Politicians would be defined as all those who other than military officers held political offices, such as ministers, commissioners, members of National and State legislatures, former ministers and commissioners, State governors, local government councillors, etc.

Civil Servants were defined as all those whose roles were involved with federal and state apparatus but below the politico-administrative levels. The line between civil servants and politicians is thin but one major distinguishing factor would be the extent to which a position is dependent on professional rather than political criterion. Another distinguishing characteristic would be the degree of direct involvement in overt political activities, such as organizing party meetings, campaigning for political parties, or demonstrations in support of a political party, etc.

Businessmen were defined as all those who were not known to engage in any other full time activity except business. Many of those under this category had at one time or another worked as civil servants or employees of private firms before starting their own business careers.

The category of "others" come under the definition of all those individuals who did not fit into the four other categories. They included wives and other relations of military officers, politicians, civil servants. It also included people who were alleged to be "fronts" for politicians and military officers, etc. A number of businesses were alleged to belong to persons in the first and second categories, but were officially listed under different individuals. For example, the case of Dr. Adetoro, (a federal commissioner at the time) who secured a loan worth N118,972 which enabled him to purchase some 60,201 shares in thirteen different companies.[36] Other cases included Joseph Gowalk (Military Governor of then Benue-Plateau State, who was executed in 1976 for being implicated in the attempted coup that led to the death of Murtala Muhammed) was supposed to have bought 1500 shares in UAC, 1300 shares in John Holt, 910 shares in Incar Motors. Smanuel Ogbemudia (Military Governor of then Mid-West State) had investment shares worth N28,940.[37]

These types of businesses were classified within the category of"others." Some of the businesses supposed to have

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[36] Billy Dudley, An Introduction to Nigerian Government and Politics (Bloomington: Indiana University Press, 1982), pp. 118-119.

[37] New Nigerian, 12 March 1975; and New Nigerian, 2 September 1976.

been acquired by businessmen were also said to be in actual fact controlled by military and political leaders, with the so-called businessmen only acting as "fronts." Although these types of cases were difficult to verify, they raised enough suspicions about the proportion of businesses that went to the privileged groups. Many other businesses were attributed to these groups through their various relations, such as wives, brothers, cousins, nephews, nieces, etc.

Another important factor that emerged from the study of the indigenisation measures, was the role of ethnicity. It is believed that political support and even demonstrated loyalty and friendship were less determinants of who got businesses than ethnicity. This confirms Billy Dudley's general observation that the government tended to have failed or refused to downplay ethnicity in favor of other considerations for the acquisition of businesses.[38]

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[38] Dudley, Introduction to Nigerian Government, pp. 118-119.

CHAPTER VII

SUMMARY AND CONCLUSION

Summary

Chapter one discussed the concept of indigenisation, its application to the analysis of the political economy of post-colonial Africa in general, and post-colonial Nigeria in particular. For the most part, the discussion of the concept of indigenisation and its application revolved around the acceptance or rejection of the utility of indigenisation as a relevant policy of salvaging African economies from foreign domination. However, whether the emphasis on the value, utility or relevance of indigenisation policies in Africa was over- or under-played, analysts and students of indigenisation in Africa tend to agree generally that: (1) Indigenisation of African economies has been problematic partly because the African bourgeoisie has fundamental vested interests in the exploitative relations of production. (2) Indigenisation has been a token measure calculated to legitimize African bourgeoisie rule and consolidate their class domination. (3) Indigenisation policy is essentially a process of creating an indigenous bourgeoisie and of neo-colonizing a colonial economy.

In chapter two, we examined two areas, namely, the history of the political economy of Nigeria and the making of indigenisation, and chapter three discusses indigenisation as it involved technocrats.

The political economy dates back to the colonial days, yet its structure has not changed. A small ruling class still exists, and this group preserves the political and economic power of the system through education, income and status. It encourages the expansion of an externally based economy by acquiring the tastes for imported manufactured goods. Inequality has been exacerbated because of the continued colonial economic structure.

Despite the differences in the types of political systems that ruled the country (one characterized by lack of representative institutions, by power concentration, and by a pyramidal type of political organization and the other by a system of open competing interests, and by representative forms of political organization), there were no substantive changes in the economic policy orientation. As for the technocrats, both political systems (civilian and military) delegated to them varying degrees of power. In other words, the acquisition of power and influence depended to a certain extent on personal qualities, education, and/or degree of expertise. By the very nature of their assignments, often times, technocrats got embroiled in politics. But nevertheless, they devoted their main efforts to the professional or technical aspect of their role.

In chapter four, we analyzed the contents of the decree and concluded that the structure of the document itself was a factor responsible for possible circumvention of the implementation process. Besides structural built in loop-holes, there are several other defects in the decree that made it easy and practicable for aliens and indigenes alike to circumvent provisions of the decree. For example, the centralization and concentration of decision-making on the Board, and the responsibility of the Board to the Commissioner of Industry and/or the Executive Council, create the ground for red-tapism, corruption, and consequently slow and inefficient implementation process. It also opens indigenisation to a lot of political and self-serving influence.

In chapter five, we examined the general framework for the accomplishment of the objectives of the decree with reference to the instruments set up to administer the process of implementation. For the federal government in Lagos, a Nigerian Enterprises Promotion Board was established, while at the states level, provision for a Nigerian Enterprises Promotion Committee in each state was made. The functions of the Committee were mainly to advise the Board. Besides these, several other agencies were associated with the implementation process. Despite these arrangements, implementation was hampered by lack of indigenous manpower, lack of indigenous capital, contradictions in the policy itself, and the politics it engendered.

Chapter six is concerned also with the framework of the implementation process, focusing mainly on the guidelines for implementing agencies and individuals. The decree also under the guidelines, specified penalties for non-compliance. Again, despite all the measures, such ugly phenomena as corruption, discrimination, greed, avarice, nepotism to name but a few, plagued the implementation process, and thus the objectives of the decree.

Conclusion

The implications of the 1972 and 1977 Nigerian indigenisation decrees can be analyzed from three angles, namely, economic, political and social. It has been argued that the decree was the beginning of the end to economic dependence by Nigeria on outsiders, and that the promulgation of the decree would go down in history as one of the boldest achievements of the Nigerian government.[1] The above statement or point of view begs for serious debate because there was nothing in the various attempts, including the indigenisation decrees that indicated to end the dependent nature of Nigeria's economy on outside influence. Instead, a careful examination of the indigenisation exercise showed further aggravation of dependency of the Nigerian economy on outside sources through a newly created indigenous bourgeoisie who are neither productive, creative, initiative, nor innovative, but rather had to depend on the metropolitan bourgeoisie.

The real thrust of the indigenisation policy was the issue of shares to professional, managerial and bureaucratic class. This further strengthened the bond between the metropolitan capitalist elite and the indigenous elite, whose consumption pattern and incomes became closely identical because of the new wealth acquired through indigenisation. Thus the question as to what extent the implementation of

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[1]V. I. Bello, "The Intentions, Implementation Process and Problems of the Nigerian Enterprises Promotion Decree, 1972," Proceedings of the 1974 Symposium Organized by the Nigerian Economic Society on Indigenisation (Ibadan: Nigerian Economic Society, 1975), pp. 7-18.

the Nigerian Enterprises Promotion Decree helped to change the dependency status of the country's economy can be answered with a straight-forward no. All it succeeded to do in the main, was to create a new class of economic elite which served as a nucleus of foreign capitalism. One need only look at the sources supporting the indigenisation policy to find out that the government never attempted or intended to end dependency on outside capital, skill, management, etc.

Besides official policies, statements made by high government luminaries about the Nigerian economy did not indicate that the economy was heading for a change. For example, Dr. Azikiwe (while he was premier of the Eastern Region) once said that "the only way of attracting these industrial development prerequisites from overseas is to ensure for those who provide them unstinted cooperation, confidence security and opportunities to earn adequate rewards for their capital and skill. . .and we are against arbitrary nationalisation."[2] Saying almost the same thing in different words, General Yakubu Gowon (then Nigeria's

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[2] Nnamdi Azikiwe, quoted in Eno J. Usoro, "Government Policies, Politics and Industrial Development Strategy in Nigeria." Paper presented to the 1973 Nigerian Economic Society Conference, Enugli, p. 245.

Head of State) during a state visit to Britain said:

> We are consolidating our political independence by doing all we can to promote more participation by Nigerians in our economic life while attracting more investments in sectors of the economy where Nigerians are not yet able to rely on themselves.[3]

He went on to emphasize that the Nigerian Enterprises Promotion Decree was intended to encourage "genuine foreign investors" whose contribution in terms of capital and know-how Nigeria still needed and would "continue to welcome most fervently."[4] Of equal import was the statement of Brigadier Joseph Garba (Nigeria's External Affairs Commissioner at the time) to Ambassadors of industrialized countries on July 23, 1976. He assured his audience that:

> Although our policy is now 60 percent participation in certain enterprises, the government still wants, and indeed expects, full involvement of foreign partners in these enterprises. . .our policy on participation is not right or left, capitalist or communist, it is purely and simply designed to benefit Nigeria and friends of Nigeria.[5]

Indigenisation was therefore an attempt to secure a certain position for the local elite while at the same time preserving the dominant place in the nation's economic

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[3] Yakubu Gowon, quoted in New Nigeria, 15 and 18 June 1973.

[4] Ibid.

[5] Africa Research Bulletin, 15 July - 14 August, 1976, pp. 3973-3974.

activities for foreign investors in ventures with high technology, management and risks, and thus highly lucrative. There were four broad groups that indigenisation favored. These were the state, bureaucratic and management groups, and businesspersons. Among the enterprises in schedule one that are exclusively reserved for Nigerians, there is the tendency of dominance by a small circle of wealthy businessmen and women associated with the chambers of commerce, and who have good contacts with government officials. They also have easy access to credit institutions because of their connections. Civil servants bought shares either in their names or names of friends, wives or relatives of varying descriptions. Many state governments also bought shares and later sold them to indigenous businessmen and bureaucrats.

In the final analysis, those who acquired businesses and/or bought shares were the small elite groups of high executives, civil servants, members of the armed forces, university dons, professionals, and businessmen and women. The teeming millions of poor urban workers, peasants and other rural persons were left out.[6]

There were two areas of concentration of share acquisition in the Nigerian indigenisation program, namely,

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[6]G. O. Nwankwo, "The Success and Failure of a National Development Plan," Sunday Times (Lagos), 15 Dec. 1974, p. 7.

(1) among urban population versus rural population, (2) among high and middle income groups versus lower income groups in the urban areas. Comparison of share acquisitions showed that shares were almost totally sold to urban dwellers, and to persons of high and middle income groups.

In transfering the bulk of the shares into the hands of the so-called elite groups rather than to the masses, the already yawning gap between the haves and have-nots became further widened. Thus, economic inequalities and social polarization in the Nigerian society became a trend that tend to want to move or turn the society into a situation where access to wealth (or poverty) would be hereditary.

One would say without fear of contradiction that the indigenisation exercise helped to legitimize the capitalist pattern of development. Thus, the problem with the country's development is that the national means of production are still in the hands of foreign capitalists. Despite the so-called indigenisation policy, Nigerians, to a very large extent, are still on the periphery of economic activities in their own country. As has been mentioned earlier, the areas that were reserved exclusively for Nigerians, were those that Nigerians were already fully involved in before indigenisation. Nigerians were still kept out of the lucrative areas of economic activities. For example, in the fishing industry, indigenous fishing remains mainly at the artisan level, with local fishermen using mostly motorized canoes which cannot venture far away from shores. Thus, deep sea fishing becomes exclusive preserve of foreign fishing vessels. In the transport system, the situation is the same. Transport is one of the most vital sectors of the economy of any country. Yet, "foreigners and their agents dominate virtually every facet of the transport sub-sector of the national economy."[7] In the heavy duty commercial vehicles like tractors and trailers where indigenous businessmen and women are supposedly doing well, it is now an open secret that quite a sizeable number of the real owners are non-Nigerians whose faces have been masked by one device or the other, just to evade the demands of the indigenisation decree.

The Nigerian Enterprises Promotion Decree put great emphasis on majority representation. But how much control does majority ownership have? It is true that majority representation on the Board of a given company or corporation may give the "local interests" dejure control, but could

[7]M. K. O. Abiola, "Dilemma of Foreign Grip and Control on the Transport System of Nigeria," Daily Times, 6 November 1981, p. 21.

this control be effectively exercised where management is in the hands of foreigner partners or consultants? The answer is "no." Another important factor of control in economic activities is monopoly of technology. Since technology is such an important aspect of any development strategy, Nigeria's heavy dependence on foreign technological know-how help place the economy under outside control.

Nigeria had again and again, during the course of the indigenisation exercise, reassured foreign investors that the government's decision to "indigenize" businesses was not an action directed against foreign interests. Nigeria's open-door policy (a direct contradiction of indigenisation) made it quite feasible for foreign investors to have a grip on the nation's economy. Foreign investment and control have a number of structural implications on the economy:

1. An unplanned, subsidized process of "import substitution" which creates a manufacturing sector dominated by consumer goods and assembling activities.
2. A very lucrative commercial sector oriented to the international market, and supported by an open import policy and a vigorous advertising industry

which agravates the dependency syndrome and encourages a consumption pattern alien to Nigeria.

3. A large transfer of capital overseas. Nigeria's annual deficit is a sad story.
4. An infant state capitalist sector, weak national capitalist class that is overwhelmed by its oversea partners or rather masters.
5. Limited transfer of technology which if and when transfered at all is not usually the useful aspect of technology that would suit local condition and needs.

The vast drain on foreign exchange earnings, the slow pace of development, the continued foreign control of the economy, and the ever widening gap between the rich and poor, which these structural features place on the country's economy, still form a major part of Nigeria's economic and social tradition because the Nigerian Enterprises Promotion Decree as well as other policy of economic independence failed to touch the heart of the problem.

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APPENDIX

QUESTIONNAIRE

1. Age: 18 - 28 ( )

   29 - 39 ( )

   40 - 50 ( )

   51 - 60 ( )

2. Place of Birth ______________________________

3. Sex __________

4. State of Origin ______________________________

5. Ethnic Origin ______________________________

6. Education: University ( )

   Secondary ( )

   Technical ( )

   Others ( ) Explain ____________

7. Type of Work ______________________________

8. Present Position ______________________________

9. How long on the Job ______________________________

10. Where else have you worked? ____________________

    How long ______________________________

    What position? ______________________________

11. Was the organization involved in the making of the Indigenisation Policy?

    ____

12. If yes, explain ____

____

____

13. What part did you play? ________________________________

____

____

14. If you played any part, do you think your formal training and/or experience prepared you for the responsibilities you were called upon to share?

____

____

15. Which do you believe makes for greater efficiency in the course of government implementation of its programs?

Centralization ( )   Decentralization ( )

Explain ____

____

____

16. Indigenisation has been hailed as the boldest attempt at achieving economic independence. Do you agree?

Yes ( )   No ( )

Explain ____

____

____

17. How much did indigenisation accomplish in terms of economic independence?

____

____

18. To what extent did official directly responsible for the development of Nigeria's indigenisation policy use procedures to stimulate and expand public opinion in support of the policy?

____

____

19. To what extent were different individuals and groups involved in the making of the indigenisation policy?

____

____

20. Was there a central office to which all officials had to report?

____

____

21. (If yes) Did that affect your efficiency and your profession?

____

____

22. Rivalries and differences between administrative and professional personnel are not uncommon. Did such incidents (if any) affect your ability to function at any time?

____

____

23. Under which administration did civil servants function with more discretion?

Civilian Administration ( )

Military Administration ( )

24. How would you describe your organization with reference to structure?

    Horizontal ( )

    Vertical ( )

25. How would you describe yourself with reference to working with other people and groups?

    Cooperative ( )

    Un-cooperative ( )

26. Who in your opinion gained most from the indigenisation exercise?

    Politicians ( ) Civil Servants ( )

    Businesspersons ( ) Military Personnel ( )

    Others ( ) Explain ________________________________

    ____

27. How would you access Nigeria's indigenisation policy in terms of the following?

    A. The proportion of transfer of ownership and control of foreign enterprises to Nigerians.

    B. The pattern of share acquisition.

    ____

    ____

    ____

    ____

    ____

NIGERIAN ENTERPRISES PROMOTION DECREE 1977 (DECREE No. 3)

Arrangement of Sections

Sections:

1 - Establishment of Nigerian Enterprises Promotion Board, etc.

(1) There shall continue to be a body to be known as the Nigerian Enterprises Promotion Board (in this Decree hereafter referred to as "the Board") which shall have and may exercise such functions as may be conferred on it by or under this Decree.

(2) The Board shall have general power to advance and promote enterprises in which citizens of Nigeria shall participate fully and play a dominant role and in particular, without prejudice to the generality of the foregoing, the Board shall have power:

a. to advise the Commissioner on clearly defined policy guidelines for the promotion of Nigerian enterprises;

b. to advise the Commissioner on measures that would assist in ensuring the assumption of the control of the Nigerian economy by Nigerians in the shortest possible time;

c. to determine any matter relating to business enterprises in Nigeria generally in respect of commerce and industry that may be referred to it in accordance with any direction of the Commissioner and to make such recommendations as may be necessary on those matters in such manner as may be directed by the Commissioner; and

d. to perform such other functions as the Commissioner may determine or as may be conferred on it by this Decree or any other enactment.

(3) The members of the Board shall be appointed by the Federal Executive Council and shall comprise:

a. five Nigerians from outside the Public Services of the Federation or the States who shall be persons of proven integrity (one of whom shall be appointed as the Executive Chairman of the Board);

b. a representative each of the following Federal Ministries, that is:

(i) Industries;
(ii) Finance;
(iii) Economic Development;
(iv) Trade; and
(v) Internal Affairs,

who shall be persons of the rank of Deputy Secretary or above;

c. the Secretary of the Capital Issues Commission; and

d. the Director of each of the Stock Exchanges in Nigeria.

(4)(a) The Executive Chairman of the Board referred to in subsection (3) (a) above shall be appointed by the Federal Executive Council on the recommendation of the Commissioner and shall hold office on such terms as the Federal Executive Council may from time to time approve. The Executive Chairman shall preside over the meetings of the Board and shall be responsible for the day-to-day management of the affairs of the Board.

(b) There shall be a Secretary of the Board who shall be appointed by the Commissioner on the recommendation of the Board and who shall be the head of the Board's Secretariat and shall be responsible to the Chairman for the efficient implementation of the Board's decisions. The Secretary shall be in attendance at all meetings of the Board.

(5) The Board shall have power to co-opt any person to attend its meetings.

(6) A member of the Board shall hold office for such period as may be specified in his instrument of appointment.

2 - Establishment of Enterprises Promotion Committees for the States, etc.

(1) There shall continue to be for each State a Nigerian Enterprises Promotion Committee (hereafter in this Decree referred to as "the Committee").

(2) The Committee in each State shall consist of:

a. the Permanent Secretary responsible for Industries in the State who shall be chairman of the Committee;

b. an officer in the Ministry of Trade;

c. the Registrar of Co-operative Societies;

d. six other persons to be appointed by the State Commissioner or State Commissioners, as the case may be, for trade and industries, and of the six persons at least three shall be Nigerians from outside the Public Service of the Federation or the States who shall be persons with proven experience in commerce or industry;

e. and members of such Committee shall hold office for such period as may be directed by the Military Governor of the State.

(3) The Committee shall have power to co-opt any person to attend its meetings.

(4) The Secretary of the Committee shall be an officer in the Ministry of Trade or Industry of the State or any other fit and competent person in the public service of the State appointed by the Military Governor of that State.

(5) The principal functions of the Committee shall be:

a. to assist and advise the Board on the implementation of this Decree;

b. to ensure that the provisions of this Decree are complied with by any alien resident or carrying on business in the State;

c. to recommend to the Board such other measures as may be necessary in the opinion of the Committee to enable full effect to be given to the provisions of this Decree; and

d. to perform such other functions as may be assigned to it by the Board.

(6) If in any State any office mentioned in this section does not exist or is combined with another office the reference in any provision to the office mentioned there shall be construed as a reference to that office or the offices so combined in the State which in the opinion of the Military Governor most nearly corresponds to the office so mentioned, and the decision of the Military Governor in this regard and as to the number of members of the Committee shall be final.

3 - <u>Supplementary provisions with respect to proceedings of the Board or of State Committees</u>.

(1) Subject to such directions as may be given by the Commissioner, the Board or any Committee established by this Decree may determine its own quorum, and may, subject as aforesaid, otherwise regulate its own proceedings.

(2) There may be paid to the members of the Board or any Committee remuneration and allowances payable in accordance with the current regulations of the Government of the Federation.

(3) The validity of any proceedings of the Board or of any Committee shall not be affected by:

a. any vacancy in its membership;

b. any defect in the appointment of any member; or

c. the fact that any person not entitled to do so took part in the proceedings.

(4) The expenses of the Board in the exercise of its functions shall be paid out of funds provided by the Government of the Federation.

4 - Enterprises exclusively reserved for Nigerians. Schedule 1.

(1) All enterprises specified in Schedule 1 to this Decree are hereby, subject to this Decree, exclusively reserved for Nigerian citizens or associations and accordingly:

a. as from the appointed day no person, other than a Nigerian citizen or association, shall be the owner or part owner of any such enterprise in Nigeria; and

b. no such enterprise shall be established in Nigeria by an alien on or after the commencement of this Decree.

(2) Nothing in this section shall as from the commencement of this Decree and before the appointed day preclude the sale or transfer in accordance with the provisions of this Decree by any person of any of the enterprises affected by this section.

5 - Enterprises in respect of which 60 per cent of the equity must be owned by Nigerians. Schedule 2.

Subject to this Decree, as from the appointed date no alien shall be the owner or part-owner of any of the enterprises specified in Schedule 2 to this Decree unless the equity participation of Nigerian citizens or associations in the enterprise is not less than sixty per cent.

6 - Enterprises in respect of which 40 per cent of the equity must be owned by Nigerians. Schedule 3.

Subject as aforesaid, as from the appointed date no alien shall be the owner or part-owner of any of the enterprises specified in Schedule 3 to this Decree unless the equity participation of Nigerian citizens or associations in the enterprise is not less than forty per cent.

7 - Special provision in respect of certain enterprises; holding companies.

(1) Notwithstanding sections 4, 5 and 6 above, any alien who immediately before the commencement of this Decree was the owner or part-owner of any body corporate carrying on an enterprise the business of which comprised enterprises specified in Schedules 1, 2 and 3 to this Decree or in any two of those Schedules may after the appointed date continue to be owner or part-owner of any such body corporate if:

a. the annual turn-over of the body corporate was less than N25,000,000;

b. the business of the body corporate was being carried on in not less than 10 States in the Federation;

c. the equity participation of Nigerian citizens or associations is by the 30th June 1977 not less than sixty per cent.

(2) Sections 4, 5 and 6 above shall not apply in the case of any non-trading holding company the subsidiary companies of which have in respect of the applicable enterprises by the appointed date, complied with the provisions of this Decree.

(3) For the purposes of subsection (2) above, the expressions "holding company" and "subsidiary company" have the meanings respectively assigned thereto in section 147 of the Companies Decree 1968.

8 - Definition of expressions used in section 4.

For the purposes of section 4 above, an enterprise shall be deemed to be an alien enterprise unless the entire capital or proprietary interest, whether financial or otherwise, in the enterprise in so far as it concerns any of the enterprises in Schedule 1 to this Decree is also owned and controlled by Nigerian citizens or associations.

9 - <u>Sales or transfer of enterprises to be subject to approval by the Board and the Capital Issues Commission</u>.

(1) As from the commencement of this Decree no enterprise to which section 4 of this Decree applies (whether or not operated by or as a company) and no enterprise to which section 5, 6 or 7 of this Decree applies which is being operated otherwise than by or as a private company shall be sold or in any manner transferred to Nigerian citizens or associations unless the terms and other conditions of and pertaining to the sale or transfer have been approved by the Board.

(2) As from the commencement of this Decree as aforesaid no shares in or in respect of any enterprise to which section 5, 6 or 7 of this Decree applies which is an enterprise operated by or as a public company shall with a view to securing compliance (to any extent whatsoever) with the provisions of section 5, 6 or 7 of this Decree be sold or in any manner transferred to Nigerian citizens unless the approval of the Capital Issues Commission (hereafter referred to as "the Commission") has been obtained with respect to:

a. the price at which the shares are to be sold or transferred and the timing of the sale; and

b. the terms and other conditions pertaining to the sale or transfer, including the manner of the selection of the buyers or transferees or, where applicable, the manner of the allotment of the shares among the buyers or transferees.

(3) This section shall have effect notwithstanding any other requirement in any law (including, where applicable, the Companies Decree 1968) and such other law shall be construed subject to this Decree.

(4) Without prejudice to subsection (3) above, the powers conferred on the Commission under the Capital Issues Decree 1973 shall be construed as including power to grant approvals for the purposes of this Decree and any rules made by the Commission may be adapted or otherwise modified by the Commission for the purposes of this Decree.

(5) Notwithstanding anything to the contrary in this section, the Commission shall be charged with the function of determining the prices of shares in enterprises to which the Decree relates and in the case of public companies there shall be an Allotment Committee of that Commission which shall consist of the following persons that is:

(i) a representative of the Board,

(ii) a representative of the Lagos Stock Exchange, and

(iii) a representative of the appropriate issuing house.

10 - Provisions supplementary to Section 9.

(1) Where approval of the Board or, as the case may be, of the Allotment Committee of the Commission has not been obtained as required under section 9 of this Decree or if any application in relation thereto has been refused:

a. any sale or transfer of any enterprise concerned or of any shares or other proprietary interest in or in respect of any affected enterprise shall be void and shall be of no effect; and

b. any moneys received in relation to or connected with any of the transactions referred to in the section shall forthwith be repaid without interest by the vendor or transferor, and if any such money is not repaid within 14 days after the date of the notification of the refusal to give the approval the directors of any company concerned shall be jointly and severally liable to repay that money with interest at the rate of five per cent per annum from the expiration of the 14th day. Provided that a director shall not be liable if he proves that the default in the repayment of the money is not due to misconduct or negligence on his part, and that all the moneys involved had been kept in a separate bank account to facilitate repayment.

(2) The reference in paragraph (b) of subsection (1) above to "directors of a company" shall:

a. in the case of a partnership be construed as a reference to the partners of the body concerned; and

b. in the case of any other unincorporated body, be construed as a reference to the person in whom is vested the beneficial ownership of the enterprise concerned.

11 - <u>General guidelines regarding approval of sales or transfer by the Board or Commission</u>.

(1) In considering applications for approval pursuant to section 9 of this Decree the Board or, as the case may be, the Allotment Committee of the Commission shall have regard to the following general guidelines, that is to say:-

a. Beneficial ownership of the enterprises affected should be as widespread as the circumstances of each case would justify and deliberate efforts must be made to prevent the concentration of ownership in a few hands.

b. Except in the case of owner-manager, no enterprise should be sold or transferred to a single individual and in no case is a single individual to be allowed to have control of more than one enterprise.

c. Where appropriate, allotment rules made or approved by the Board or the Allotment Committee of the Commission as appropriate shall be such that would ensure that:

(i) no individual holding more than 5 per cent of the equity of an enterprise or holding a portion of the equity valued at more than N50,000, whichever is the higher, is alloted any further portion of the equity in that enterprise;

(ii) no individual shall be alloted more than 5 per cent of the equity of an enterprise or any portion of the enterprise valued at more than N50,000, whichever is higher;

(iii) no individual shall be alloted any portion of the equity of an enterprise that would make any holding of that individual of the equity of the enterprise concerned to exceed 5 per cent of the total equity of that enterprise or to attain a value exceeding N50,000, whichever is higher.

d. Not less than 10 per cent total equity shares of any Schedule 2 or 3 enterprise or where only a fraction is being sold not less than 10 per cent of the amount of sale is reserved for the employees of the enterprise concerned and of the 10 per cent not less than one half shall be reserved for the non-managerial staff.

e. Consideration is a form acceptable to the Board or the Commission should pass from the transferee to the seller or transferor and, where appropriate, all rights including agency rights, sole representation and all other ancillary rights should pass to the buyer or transferee.

(2) For the purposes of subsection (1) above, the Allotment Committee shall have regard to information as to the existing shareholdings of individuals seeking to acquire further interests in enterprises to which this Decree relates.

12 - <u>Inspectors of enterprises</u>.

(1) Without prejudice to the operation of any enactment, there shall continue to be for the purposes of this Decree a number of inspectors of enterprises (in this Decree hereafter referred to as "inspectors") who shall be designated as such by an order published in the Federal Gazette by the Commissioner from among members of the public services of the Federation and of the

States, and when so designated the inspectors shall, as respects any exercise of the functions conferred upon them by virtue of this Decree be responsible to the Board and no other person or authority.

(2) The inspectors shall, subject to this section, have such powers and carry out such functions as the Board may confer on them.

(3) Notwithstanding subsection (2) above, for the purpose of carrying out any of their functions, such inspectors:

a. shall have a right of access at all times as may be necessary to any building or premises where any enterprise is being carried on or which they reasonably suspect is being used for any purpose to which this Decree relates;

b. may inspect such building or premises, or business in order to determine whether or not the building or premises is being used, or as the case may be, the business is being carried on, for the purposes authorized by this Decree, and may require the production of all books of account or other documents and inspect them for ensuring that the provisions of this Decree are being complied with; and

c. shall be entitled to require from the directors or other officers of the enterprise such information and explanation as may be deemed necessary.

(4) Any person, who -

a. without lawful excuse the proof of which shall lie on him:

(i) refuses to admit into his building or premises any inspector appointed under this section; or

(ii) denies such inspector the right to inspect the building or premises or the business for the determination or the matter specified in subsection (3) (b) above; or

(iii) refuses or neglects to give any information which any inspector may require from him; or

b. in respect of any request for information from any inspector, makes any statement which he knows to be false or which he has no reason to believe to be true; or

c. in any way obstructs any inspector in the discharge of such functions as may be conferred on him by this section, shall be guilty of an offense under this Decree.

13 - Powers to seal up premises.

(1) If the Board is satisfied that:

a. an alien has been engaging in any of the enterprises specified in Schedule 1 to this Decree; or

b. that an alien enterprise is being carried on in contravention of section 5, 6 or 7 or any other provision of this Decree, the Chairman of the Board may direct an inspector to seal up any premises in which the offending enterprise is being carried on.

(2) Whenever an inspector has sealed up any premises he shall be deemed to have been duly directed to do so by the Chairman.

(3) Every police officer shall if called upon by an inspector give all reasonable assistance to the inspector necessary to effect the sealing up of any affected premises and to prevent unauthorized persons from having access to or interferring with the premises or any goods contained therein.

14 - Additional penalty for contravention of the Decree.

(1) Where, on or after the appointed day, any alien continues to be the owner or part owner of any enterprise in contravention of section 4 of this Decree, it shall be lawful for the Board:

a. to take over, sell or otherwise dispose of the enterprise, and

b. to distribute the proceeds of such sale or disposal (if any) -

(i) in the case of partnerships, to the proprietors of the enterprise duly registered under the Registration of Business Names Act 1961 or any other applicable law;

(ii) in the case of companies, to the shareholders of the company; and

(iii) in any other case, in such manner as may be directed by the Board; and any expenses incurred by the Board in relation to the exercise of any of the powers conferred by this subsection shall be a charge upon and be defrayed by the Board from the proceeds of such sale on disposal.

(2) It shall be sufficient for the purposes of taking over any enterprise under subsection (1) (a) of this section -

a. in the case of partnerships, if the certificate of registration or business permit of the enterprise is cancelled; and

b. in the case of a company, if the certificate of registration or business permit of the company is cancelled;

c. in other case, if the assets of the association are registered by the Registrar of Business Names, or as the case may be, the

Registrar of Companies or any person duly authorized to do so, in the name of Federal Military Government.

(3) In this section "business permit" means any business permit issued pursuant to section 8 of the Immigration Act 1963.

15 - Supply of information.

(1) The Board may by instrument in writing, request any person carrying on any enterprise to which this Decree relates to furnish such estimates, returns or other information as may be specified and he may by that instrument specify the time, manner and form in which such estimates, returns or information are to be furnished, and it shall be the duty of any such person to comply with the request.

(2) Any person, who -

a. refuses or neglects to give any information which the Board may require pursuant to subsection (1) above; or

b. in respect of the information so required makes any statement which he knows to be false or which he has no reason to believe to be true, shall be guilty of an offense and shall on conviction be liable to a fine of N1,000 or to imprisonment for three years.

16 - Alteration of lists of enterprises.

The Commissioner may with the prior approval of the Federal Executive Council as from the commencement of this Decree and before the appointed day or such other day as may be specified for the purposes of any particular order (or in respect of any enterprise) by order published in the Gazette:

a. alter the list of enterprises specified, respectively in Schedules 1, 2 or 3 to this Decree by way of addition, substitution or deletion;

b. as respects section 6 or 7 above, vary the extent of the equity participation of Nigerian citizens or associations in the enterprise;

c. make such different provisions in relation to different enterprises or as respects different areas of the Federations, and impose such terms as he may deem necessary.

17 - <u>Penalty for acting as a front</u>.

(1) Any person who -

a. acts as a front or purports for the purpose of defeating or in manner likely to defeat the object of this Decree to be the owner or part owner of any enterprise; or

b. operates any enterprise for or on behalf of any alien who is under this Decree:

(i) not permitted to operate the enterprise; or

(ii) disqualified from operating the enterprise; or

(iii) not permitted to own or be part owner of such enterprise,

shall be guilty of an offense under this section, and shall be liable on conviction to a fine of N15,000 or to imprisonment for a term of 5 years or to both such fine and imprisonment.

(2) It shall not be lawful for any Nigerian citizen or association to employ, whether on full time or part time basis, any alien for the operation of any enterprise previously owned wholly or partly by that alien which the alien has disposed of pursuant to the provisions of this Decree, except with the prior approval of the Federal Commissioner for Internal Affairs after consultation with the Board.

18 - Offenses and penalties.

(1) Any person found guilty of an offense under this Decree for which no penalty is provided shall upon conviction be liable to a fine of N10,000 or imprisonment for 5 years or to both such fine and imprisonment.

(2) Where an offense under this Decree is committed by a body of persons, therein -

a. in the case of a body corporate, every director or officer of that body shall be deemed to be guilty of the offense;

b. in the case of a partnership or other association, every partner or officer of that body shall be deemed to be guilty of the offense.

(3) No person shall, however, be deemed to be guilty of an offense under subsection (2) above, if he proves to the satisfaction of the court that the offense was committed without his consent and that he exercised all due diligence to prevent the commission of the offense having regard to all the circumstances.

19 - Power of inspector to conduct prosecutions, etc.

(1) Subject to section 104 of the Constitution of the Federation (which relates to the power of the Attorney-General of the Federation to institute, continue or discontinue criminal proceedings) any inspector or officer of the Board may in a court of competent jurisdiction prosecute an offender for an offense under this Decree.

(2) It shall not be an objection to the competency of an inspector to give evidence as a witness in any prosecution for an offense under this Decree that the action is prosecuted or conducted by that inspector.

20 - Regulations and reports.

(1) The Commissioner may make regulations generally for the purpose of giving effect to the provisions of this Decree, and may in particular, without prejudice to the generality of the foregoing provision, make regulations:

a. prescribing the forms for returns and other information required under this Decree;

b. prescribing the detailed powers and functions of inspectors;

c. prescribing the procedure for obtaining any information required under this Decree;

d. requiring returns to be made, within the period specified therein, by any enterprise to which this Decree applies;

e. prescribing any fees payable under this Decree; and

f. prescribing such other matters as may be referred to him by the Federal Executive Council.

(2) Any regulations made pursuant to subsection (1) above shall be presented to the Federal Executive Council for the approval of that Council together with any report and recommendations of the Board including any measures which the Commissioner proposes in relation thereto.

21 - Right to petition.

Any person aggrieved by any decision of the Board or by the exercise of any power under this Decree shall have the right to forward a petition on such grievance to the Commissioner who may notwithstanding anything to the contrary in this Decree and subject to the approval of the Federal Executive Council, confirm or reverse the decision of the Board or take such further measures in relation to the petition as he may think just and reasonable.

22 - Exclusion of rights.

Except as otherwise prescribed by this Decree, there shall be no right of appeal against any act, matter or thing done or purported to be done by or under this Decree; and without prejudice to the operation of any other enactment excluding the jurisdiction of a court of law in respect of certain proceedings, and for the avoidance of doubt, no proceedings by way of originating summons, certiorari, mandamus, prohibition, injunction or any other prerogative writ shall lie or be instituted on account of or in respect of such act, matter or thing done or purported to be done.

23 - Interpretation.

(1) In this Decree, unless the context otherwise requires, the following expressions have the meanings respectively assigned to them: -

"alien" means a person or association whether corporate or unincorporate other than a Nigerian citizen or association;

"appointed date" (a) in the case of any enterprise to which section 7 applies means 30th June 1977; and

(b) in every other case, means 31st December 1978.

"Commission" means the Capital Issues Commission established by section 1 of the Capital Issues Decree 1973;

"Commissioner" means the Federal Commissioner charged with responsibility for industries;

"company" means any company registered under the Companies Decree 1968 or under any enactment replaced by that Decree;

"enterprise" includes any industrial or commercial undertaking;

"Nigerian citizen or association" means -

(a) a person who is a citizen of Nigeria by virtue of the Constitution of the Federation;

(b) any person of African descent, not being a citizen of Nigeria, who is a national of any country in Africa which is a member country of the Organization of African Unity, and continues to reside and carry on business in Nigeria, if the country of which he is a national also permits citizens of Nigeria to establish and operate businesses or enterprises in that country on the basis of reciprocity; and

(c) any company registered under the Companies Decree 1968, partnership, association or body (whether corporate or unincorporate), and except as otherwise prescribed under this Decree, the entire capital or other financial interest of which is owned wholly and exclusively by citizens of Nigeria;

"ownership" in relation to any enterprise includes any proprietary interest in the enterprise beneficially, and any derivative of that word shall be construed accordingly;

"prescribed" means prescribed by this Decree or by regulations;

"shares" includes stocks.

(2) The reference in this Decree to "equity participation of Nigerian citizens or associations" is a reference to stocks and shares which Nigerian citizens or associations have in such industry which do not bear fixed interest or dividend.

(3) Section 22 of this Decree shall not be so construed as to exclude the right to appeal against any decision of a court in connection with any criminal offense created under this Decree.

24 - Repeals and saving.

(1) The Nigerian Enterprises Promotion Decree 1972 is hereby repealed and the following enactments, that is to say:

a. the Nigerian Enterprises Promotion (Amendment) Decree 1973;

b. the Nigerian Enterprises Promotion (Amendment) Decree 1974;

c. the Nigerian Enterprises Promotion (Amendment) (No. 2) Decree 1974; and

d. Nigerian Enterprises Promotion Decree 1976,

are hereby, consequentially, repealed.

(2) Without prejudice to section 6 of the Interpretation Act 1964 the repeal of the enactments specified in subsection (1) of this section shall not affect anything done under or pursuant to those enactments.

25 - Citation and commencement.

(1) This Decree may be cited as the Nigerian Enterprises Promotion Decree 1977.

(2) This Decree shall be deemed to have come into force on 29th June 1976.

Made at Lagos this 12th day of January 1977.

LT. GENERAL O. OBASANJO,
Head of the Federal Military Government,
Commander-in-Chief of the Armed Forces,
Federal Republic of Nigeria